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ABSTRACT

This study analyzes the paperwork burden placed on the educational community by the federal government and recommends ways to reduce those burdens while still providing the data needed for effective planning and administration. Information for the study was gathered through public hearings, interviews with federal agency personnel, analyses of government reports and studies, a survey of all Office of Education programs, surveys conducted by the Council of Chief State School Officers and the National Association of College and University Business Officers, and indepth studies conducted at George Washington University and the University of Maryland at College Park. Separate sections of the report focus in turn on paperwork burdens related to grants and contracts, student financial aid, nondiscrimination requirements, and management controls. (Author/JG)

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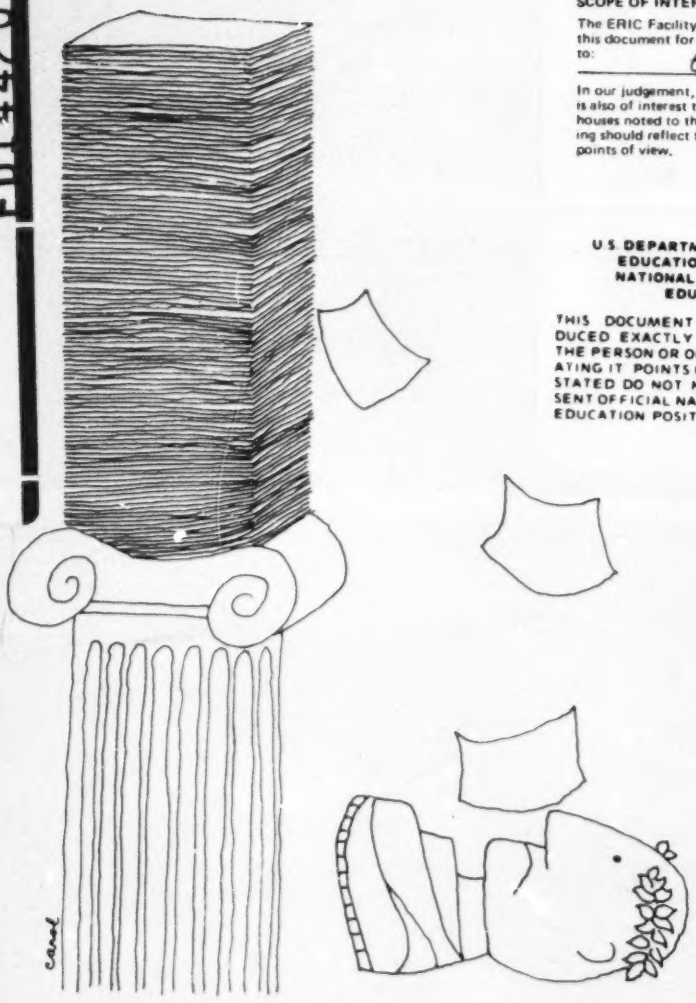

A Report of the Commission on Federal Paperwork

Education

April 29, 1977

EA 009 902

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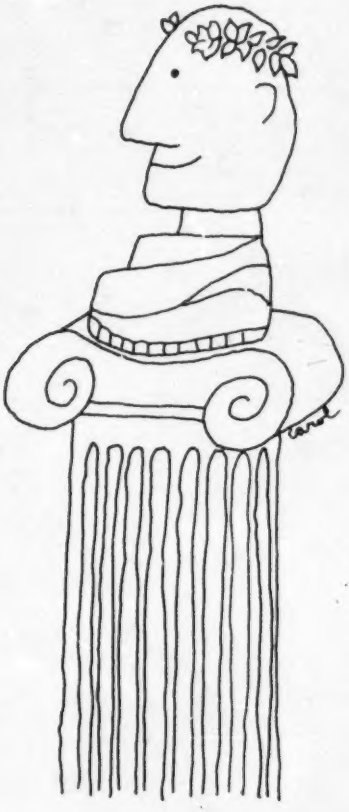

A Report of the Commission on Federal Paperwork

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COMMISSION ON FEDERAL PAPERWORK
1111 TWENTIETH STREET, N.W.
WASHINGTON, D. C. 20582

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The President of the United States
The Speaker of the House
President of the Senate

Dear Sir:

In behalf of the Commission on Federal Paperwork, pursuant to Public Law 93-556, I am submitting a report with recommendations concerning paperwork burdens imposed upon the education community.

Federal involvement in education has seen a phenomenal increase since World War II. The resultant laws, regulations, and guidelines, emanating from various sources, have imposed heavy reporting and recordkeeping requirements upon the education community. These requirements affect educational agencies and institutions, public and independent, at all levels from kindergarten to postgraduate.

In this report, we analyze these paperwork burdens and suggest ways in which the burdens can be reduced while providing more efficiently the data needed for effective planning and administration. The report contains recommendations that can, we believe, result in net savings of more than $190 million through specific activities to cut existing paperwork.

Respectfully yours,

Frank Horton

Frank Horton, M.C.
Chairman

Enclosure

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I.

Introduction

Our Nation holds the opportunity for learning among its primary requirements for a free and productive society. The early colonists had hardly settled before they initiated the first public Latin school in 1635, the first private college in 1636, and the first school supported by direct taxation in 1639. Cultivation and financial support of education were continued and increased through the years until, at the time of our Bicentennial, three of ten citizens in a population of 214 million were directly involved with education.[1] Approximately 59 million of these citizens were students, over 3 million were teachers, and another 300,000 were administrators or other staff members. No other nation has gone so far in advancing education.

The control of education thus far has remained at the State and local levels whether under public or private auspices. In the last two decades, however, the Federal Government has increased its policymaking and financial roles. It has sought, for example, to end various kinds of discrimination and has funded special categorical programs such as aid to disadvantaged and handicapped children. During this period State and local financial support for elementary and secondary education increased at a greater rate, as did State support for institutions of higher education (see Figure 1).

Estimated expenditures of education institutions for 1975-76 reached $75.1 billion for elementary and secondary schools and $44.9 billion for institutions of higher education, for a total of $120 billion, a sharp increase of approximately $100 billion in the last 20 years. The Federal share of these expenditures reached a high of 11.9 percent in 1967-68 but declined to 11.1 percent in 1975-76. The State share has increased meanwhile from 29.1 percent in 1959-60 to 34.7 percent in 1975-76 (see Figure 2).

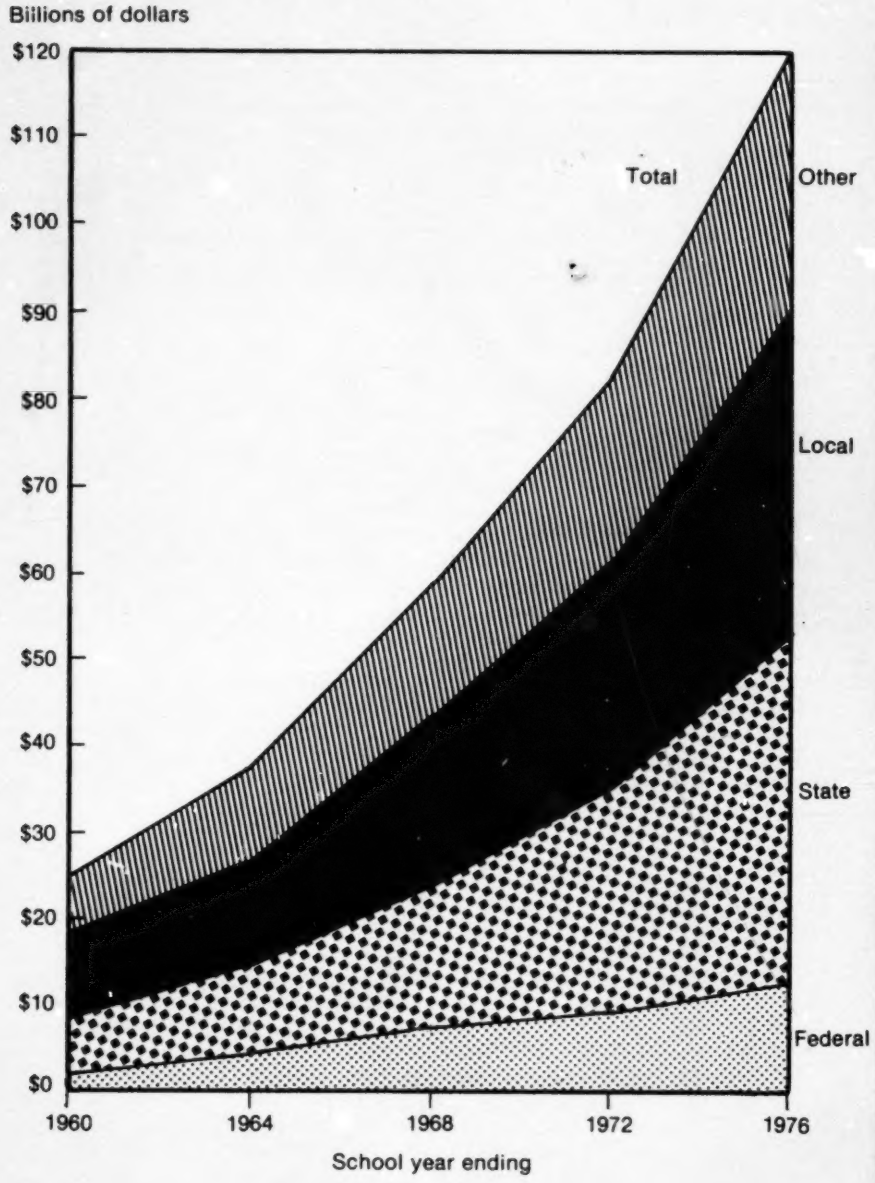
The exact cost of Federal paperwork to educational institutions is illusive. In fact, the most severe costs may not be measurable in dollars at all. Educators complain that the rapid growth of educational bureaucracies at all levels has led to an increased concentration on the regulatory and administrative processes and the

Figures 1 and 2

Figure 1 shows expenditures of educational institutions by source of funds. Figure 2 illustrates expenditures for elementary and secondary schools and institutions of higher education.

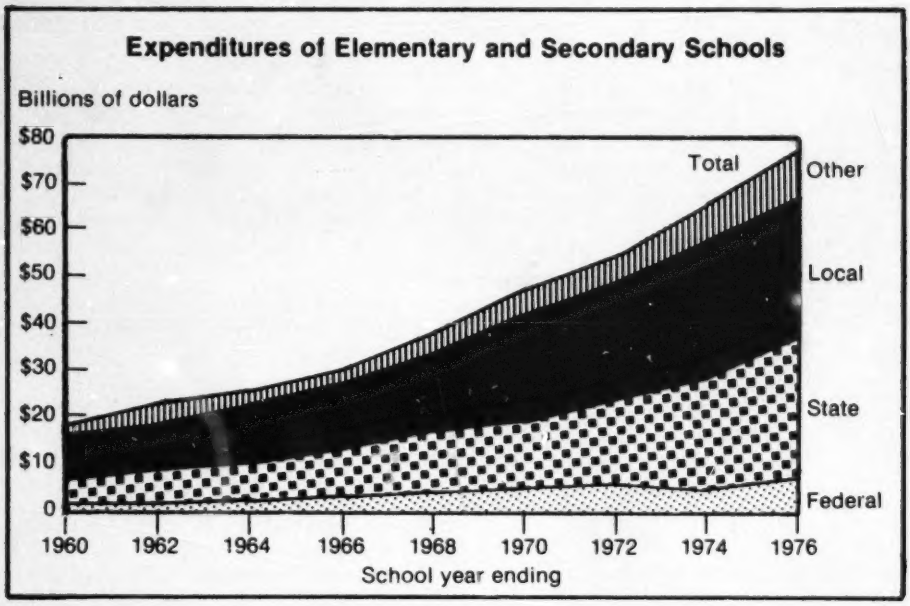
1 U.S. Department of Health, Education, and Welfare, *Annual Report of the Commissioner of Education for Fiscal Year 1975* (Washington, D.C.: Government Printing Office, 1976) p. 199.

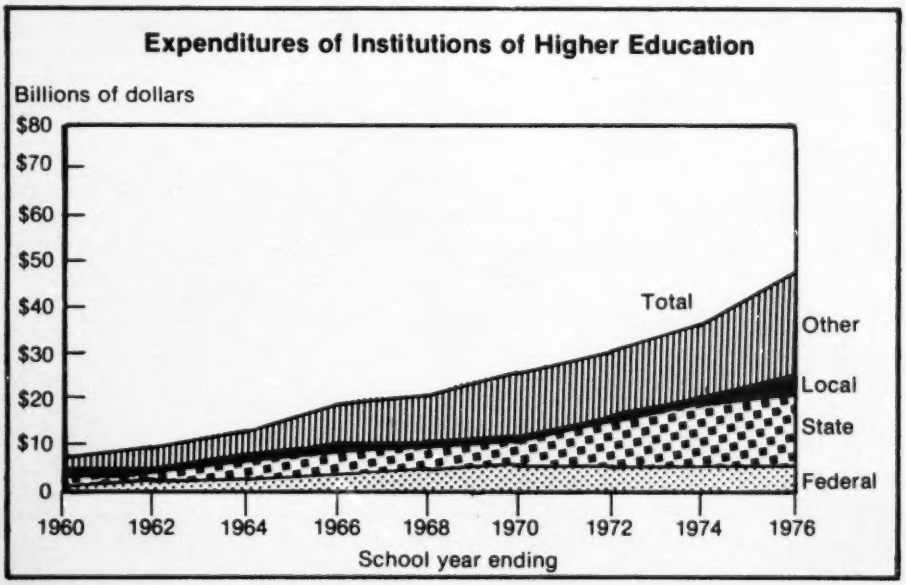
Figure 1
Expenditures of Educational Institutions



Source:
U.S. Department of Health, Education, and Welfare, National Center for Education Statistics. *The Condition of Education: 1976*, by Mary A. Golladay (Washington, D.C.: Government Printing Office, 1976), p. 27.

Figure 2





Source:
U.S. Department of Health, Education, and Welfare, National Center for Education Statistics. *The Condition of Education: 1976*, by Mary A. Golladay (Washington, D.C.: Government Printing Office, 1976), pp. 28-29.

diversion of faculty from their primary responsibility — teaching. One result has been the creation of an atmosphere of hostility within the institution bringing with it very real, though intangible, costs.

Testimony of educators also demonstrates that substantial reallocation of institutional resources has often resulted from the steady and continuing imposition of intricate regulations and demands for increasing esoteric information. What makes the problem particularly acute is that these requirements are increasing precisely at the time when institutional resources and outside funding, in constant dollar terms, are generally on the decline.

Growth in Federal Interest

World War II marked a watershed in enactment of Federal laws and promulgation of accompanying administrative regulations affecting education. In the early years of our Nation, Congress provided, first in 1787 with the Northwest Ordinance and later in 1862 and 1890 with the Morrill Acts, land and money grants for the establishment and support of education. Beyond that, until World War II, only an occasional Federal statute on some vocational education subject was enacted.

Then, in 1944, before the first U.S. serviceman invaded Europe, a grateful Nation provided in advance of their return home the promise of assistance for education to veterans in the Servicemen's Readjustment Act (P.L. 78-346), better remembered as the first GI Bill. This law, plus the greater mobility of our citizens caused by the war and its related technologies, transformed higher education from a promise open to only a few to a seeming entitlement for many. Wartime needs for technological development, research, and specialized training also brought the Federal Government into much closer contact with colleges and universities.

The "baby boom" following World War II had a significant effect on education because more schools and more teachers were subsequently required. As the world of educational opportunity widened, Congress manifested greater interest in covering some of the costs of programs to provide the buildings, staffs, and programs needed to assure equal opportunity for all. Many pieces of education legislation enacted since the 1940's demonstrate the expanded Federal interest and role. They have transformed the Federal relationship with the States and local education agencies (LEAs) as well as with educational institutions in the private or proprietary sectors. Among the enactments which demonstrate the growing role of the Federal Government in education are:

- 1944 Surplus Property Act (P.L. 78-457). Donation of Federal property to educational institutions.
- 1946 National School Lunch Act (P.L. 79-396). Assistance to States for school lunch programs.
- 1950 Financial Assistance for School in Areas Affected by Federal Activity (P.L. 81-815 and 874). "Impact aid."
- 1950 Housing Act (P.L. 81-475). Loans for college housing.
- 1958 National Defense Education Act (P.L. 85-765). Assistance to States to strengthen instruction in mathe-

matics, science, and modern foreign languages; National Defense Student Loans (NDSL).

- 1963 Higher Education Facilities Act (P.L. 88-204). Grants and loans for undergraduate and graduate academic facilities.
- 1965 Elementary and Secondary Education Act (P.L. 89-10). Grants for schools enrolling children of low-income families, books, strengthening State departments of education, and for other purposes.
- 1965 Higher Education Act (P.L. 89-329). Grants for community service by colleges, library assistance, and student grants and insured loans.

Much of this basic legislation has been amended by Congress repeatedly since 1968. Interspersed with these legislative initiatives have been important enactments affecting education with respect to civil rights, economic opportunity, refugee asssistance, drug abuse, environmental education, juvenile justice and delinquency, Indian self-determination, and special consideration for deaf, handicapped, mentally retarded, and older persons.

Congress has included education in a lengthy list of legislation dealing with, among other issues, nondiscrimination, occupational safety and health, privacy, and pensions. These four topics are the subjects of other reports of the Commission, but certain educational aspects of nondiscrimination are discussed in Section IV of this report.

Forms of Federal Funding

Many of the laws affecting education are administered in the Office of Education (OE). The Commissioner of Education recently told a Senate subcommittee that he administered approximately 120 programs in Fiscal Year 1976 compared to fewer than 35 prior to Fiscal Year 1965.[2] During that period, appropriations for OE increased from $1.551 to $7.270 billion, an increase of 369 percent. While the number of programs grew by 243 percent, staff had been increased only 87 percent.

Created by Congress in 1867 to gather statistics on education, OE has become a program agency, essentially in the last 15 years. With each new law one or more sets of regulations must be issued by the unit of the executive branch that administers the program. In Section V this report discusses the role of Congress and suggests management controls for paperwork problems caused primarily by the rapid growth in size and number of Federal education programs.

Federal funding for education, in total approximately $22 billion in Fiscal Year 1976, is awarded to individuals, institutions and States. For individuals it may take the form of grants, loans, interest sub-

2 U.S. Congress, Senate, Committee on Governmental Affairs, *Guaranteed Student Loans Hearings* before the Permanent Subcommittee on Investigations, U.S. Senate, 94th Congress, 1st session, 1975, pp. 464-508.

sidies on loans, work-study stipends, fellowships or scholarships, or a combination of these. For institutions it may take the form of grants or contracts for a specific program, loans or donation of property. States receive assistance primarily through categorical or formula grants-in-aid and donation of property.

Whatever the form of assistance, regardless of the amount or the source, a degree of reporting and accountability is necessary to ensure that the statutory objectives are being met and the Federal, State or private interest is accounted for. It is at this point that most paperwork burdens come between the provider and the recipient. Several federally funded programs supporting individuals and institutions are analyzed from this perspective in the following sections of this report.

Scope of this Study

To assess paperwork requirements placed on States, elementary and secondary schools, postsecondary institutions, and students, the Commission looked also at the originators of paperwork, Congress and the executive branch. To identify specific examples of unnecessary, redundant, and excessively burdensome paperwork, the Commission examined the testimony of many witnesses at its hearings (see Appendix A), reviewed letters it received complaining about the paperwork burden, and sought evidence to substantiate many media reports on the problems of paperwork.

Congressional committee and agency staffs were interviewed for their perspectives on information and reporting requirements, and a substantial number of hearing records, Government reports, and special studies were analyzed. The Commission observed also a wide range of advisory council meetings, seminars on data reporting and agency reviews of survey instruments.

As a preliminary step in its research, the Commission conducted a quick survey of all OE programs to identify likely targets for in-depth study. In the course of this survey, the Commission interviewed a sample of program officers and analyzed the application and reporting process for selected OE programs.

The Commission then utilized the assistance of two major respondent groups which devoted special efforts to supply information about current reporting requirements. The Council of Chief State School Officers (CCSSO) through its Committee on Evaluation and Information Systems (CEIS) conducted a survey of its members to identify specific examples of paperwork problems that are especially burdensome in time and dollars. In higher education, the American Council on Education designated the National Association of College and University Business Officers (NACUBO) to coordinate production of information from institutional membership associations and three specialized organizations of registrars, personnel, and financial aid administrators. In addition, the Commission was in contact with the entire range of Washington-based education associations, including student groups.

Through coordinators in each State and several territorial jurisdictions, CEIS monitors agencies that collect data from elementary and secondary schools and State Education Agencies (SEAs). CEIS has given high priority in recent years to the timing of and amount of data collected in civil rights surveys, the need for coordination of collection of data among Federal and State agencies, and multiple uses of data. These priorities and the roles of respondent groups are discussed in Sections IV and V of this report.

NACUBO appointed a paperwork committee in higher education and identified several areas of concern, including:

- The Employee Retirement Income Security Act of 1974 (ERISA),
- The Higher Education General Information Survey (HEGIS),
- Nondiscrimination requirements,
- Student financial assistance, and
- Grants and contracts

ERISA is the subject of a separate Commission report; the other concerns are analyzed in this report.

The Commission concluded early that a broad approach to a large number of institutions would be more productive if it were preceded by studies in greater depth at one or more institutions. Accordingly, such studies were made at the George Washington University and at the University of Maryland at College Park. These institutions, one public and one independent, deal with a large number of Federal agencies because of their location and the variety of their expertise. Although the studies centered upon Federal contracts and grants for research, instruction, and public service, they inevitably involved other areas as well.

Inter-Agency Task Force

The Secretary of Health, Education, and Welfare, at the President's request and with the support of the Council of Economic Advisers, convened a work group to study Federal reporting requirements for institutions of higher education and to make recommendations for their consolidation and simplification. This work group of ten people included Commission representation. It met for two weeks in October, 1976, and presented 15 recommendations. These were referred by the Secretary of HEW to the heads of 15 Federal departments and agencies, including the Commission on Federal Paperwork. They were asked to delegate one or more responsible officials to form an inter-agency task force.

The Task Force, which consisted of 30 members including two from the Commission, met regularly during November, 1976. The 15 recommendations of the earlier work group were expanded, supplemented, and revised. The final report of the Task Force, submitted December 14, 1976, included 19 specific recommendations for the reduction of the paperwork burden on higher education. (See Appendix B.) The Commission representatives were able to

contribute regularly to the Task Force deliberations, and several of the 19 recommendations coincide with and reinforce recommendations of the Commission in this report.

Major Themes of This Report

As the Commission analyzed the information it obtained from the sources indicated above, the complaints and criticism could be grouped into six general categories:

Late Feedback. Education respondents complain frequently about the lateness or absence of feedback on information supplied Federal agencies. They indicate also that some of the feedback they do receive is not useful. Some of the complaints relate to affirmative action plans submitted that are not acknowledged or reviewed for periods of three or four years and others to certified letters requesting clarification of instructions for civil rights surveys that go unanswered before the filing deadline is at hand.

Many comments about late feedback relate to general information surveys in either higher or elementary and secondary education where publications of data are frequently four years late. A library survey of elementary and secondary schools was conducted in 1974, according to CEIS, and no feedback had been received by early 1977 when plans were announced for another survey.

The National Center for Education Statistics recognizes this problem and does make available to researchers and others computer tapes and other forms of data compilation for their early use. It also has begun providing earlier, briefer analyses of much of its collected data. The late feedback problem is a significant element in several of the recommendations in this report, particularly in Section IV.

Insufficient Lead Time. A universal problem in Federal paperwork is the absence of sufficient lead time to respond to a survey, study, reporting form, application or proposal. Frequently, insufficient lead time is due to a legislative mandate, agency tardiness, a decision to await funding, or an independent agency activity. Some examples of insufficient lead time are:

- An eastern State department of education stated that four vocational education program report forms were received two weeks after the reports were due; that a program outlay form by geographical districts was received 15 days after the due date of the report; that evaluation report forms for Titles IV and IX of ESEA were received one week before due date for completion; that an application for a handicapped education program was received less than one month before the date for completion; and that an application under Title III of ESEA was received only two weeks before it was due to be completed.
- A higher education survey of information on recipients of degrees conferred, requiring information not collected earlier, was received after the graduation and departure of awardees from the campus.
- A private university in the midwest received on June 8 an application for the continuation of a federally-funded child

development program, with a notice of a related workshop for applicants to be held June 10 and 11, and a completed application due date of June 14.

- A biennial civil rights survey of elementary and secondary schools, administered primarily through State departments of education, was issued almost three months after the start of the school year.

The concept of sufficient lead time for surveys, specifically at least nine months prior to the start of a school year, has been advanced in recent years both by the American Association of Collegiate Registrars and Admissions Officers and by the CCSSO. Whether surveys are directed to colleges, schools, or States, the institutions and States contend they need that much time to build their annual data acquisition plans in order to collect the data during matriculation or registration and then prepare the response. Information requests arriving after that planning and collecting cycle involve a second collection of data and usually require a manual compilation. Specific examples are found in Section IV of this report where school civil rights surveys and HEGIS are discussed.

If Federal agencies would develop annual data acquisition plans before sending out their requests, as a few have recently begun to do, the announcement nine months in advance of their intention to collect data would materially enhance the quality of data received. Without sufficient advance notice, data must often be estimated because they are not available. Discussion of and specific recommendations for lead time of this kind are included in Section V of this report.

Duplication of Collection. Duplication is frequently a matter of interpretation. The Federal or State program manager, the staff person in a statistical agency, or the researcher under contract or in a private organization may not consider the problem of duplication unless that person is required to determine whether the data are available elsewhere. Even then, duplication may not be deemed to exist unless the data are found in the identical form the collector requires, after which the collector may decide it is easier to collect them again than to use the alternate source.

To the education respondent, duplication exists when data are required by more than one agency, whether or not the requirements are in precisely the same form. To the respondent, the Federal Government is unitary, and its agencies are expected to make common and multiple uses of information in the interest of efficiency and economy. Some examples to the contrary cited by respondents are:

- Students file family financial information in different formats at least twice, and often three times, in applying for grants, work-study stipends or direct loans.
- Students provide much of the same or similar data when completing as many as three applications for Federally Insured Student Loans.

- Higher education enrollment surveys by Federal agencies, and some State agencies or regional bodies, request similar data.
- Employment reporting forms of the Equal Employment Opportunity Commission and the National Center for Education Statistics (NCES) require similar information by different classifications.
- Pupil, annual, and performance report forms for Title I of the Elementary and Secondary Education Act require similar data.
- Four separate migrant student surveys by the same agency involve duplicate information.
- Application and fiscal operations report forms for Federal campus-based student aid programs contain duplicate data requests.
- Financial reports for fiscal control and reports for program monitoring of grants and contracts involve duplicate data requests.
- School districts awarded grants provide much of the same data quarterly to program and finance offices and annually both in final program reports and statutorily-mandated reports to the Commissioner of Education.

Duplication is difficult to track or analyze except on a form-by-form basis as questions are raised by resondents, agency clearance officers, or OMB final clearance staff. Collection of data is not coordinated by a central agency, and there is no automated index of data elements collected by statutory authority, subject or purpose. Duplication of data collection can be checked only after first examining HEW's Annual Data Acquisition Plan, which is a computer printout of descriptions of forms for the Education Division of HEW or OMB's Inventory of Active Repetitive Public Use Reports approved under the Federal Reports Act, which is a computer printout of titles, agency report numbers, and descriptive information by agency.

In Section V of this report, the Commission makes a series of recommendations intended to reduce unnecessary duplication. Several other recommendations elsewhere in this report are directed also toward this problem.

Unrealistic Data Requests. Education respondents are unnecessarily burdened when faced with requests for data that are not reasonably available, are excessive, or are not used. A major source of these complaints in the last three years has been civil rights surveys of elementary and secondary schools and affirmative action plans of institutions of higher education. A limited review of the agency administering these programs by the General Accounting Office in 1976 indicated that the agency did not know and could not ascertain for fiscal years 1970-1976 how many complaints had been received by type and authority and how many compliance reviews, by type of discrimination, had been initiated — yet more data had been collected each year.

Other examples include institutional applications for campus-based student aid, where approximately one dozen of 680 data elements collected are computerized for general use, the balance being stored. In the following sections these complaints are analyzed, and recommendations are made for reducing the burdens associated with them.

Inconsistent Terminology. The problems of insufficient lead time are exacerbated when terminology and definitions are changed from one year to another. Examples of changes of this sort in the past few years include racial and ethnic classifications, the definition of residence in migration studies, and the determination of attendance for the purpose of allocating funds in certain programs.

During the last 20 years NCES has developed a series of handbooks on terminology, definitions, and classifications of data items that provide, in effect, a common language of communication. These handbooks, however, have not been used faithfully by the Federal agencies or States. NCES is currently developing a common core of education data which could become the data base for purposes of reporting for compliance, evaluation and program management, as well as for statistical analyses. Until developments such as these are put into use, the problems of inconsistent terminology will continue to plague agencies and respondents alike. The problem is implicit in the recommendations in this report on HEGIS and protection of human subjects, among others, and is the central theme of one of the recommendations in Section V.

Cost of Data and Information. Reliable evidence on the costs of providing data and information has not yet been developed. Only in recent years, as data and information have come to be regarded as a resource to be managed, have education researchers and business officers been impelled to start looking at the mounting costs of responding to more requests for more information.

School systems say they are drowning in paperwork, that time spent filling out forms takes time and resources away from classroom activities. Testimony at a Commission hearing in Knoxville, Tennessee, on January 9, 1976, by John C. Carter, director of the Food Service Department of the Knoxville city schools, provided an example. He said "time was being taken away from other school duties, and many teachers are asking whether they are to teach or handle welfare programs." In a system of over 30,000 students, he stated, approximately 20,000 person-hours are required to administer the school lunch program, using 200 reams of paper each year, not including daily food tickets.

A large western school system estimated conservatively that the time required to complete a recent civil rights survey was 1,960 hours. Another large southwestern community school estimated its costs for the same form to be $67,000, no part of which has been budgeted.

States speak of costs in terms of the balance between State and Federal information requirements as compared to their respective funding levels. A western State says the Federal Government imposes 40 percent of its data collection requirements yet provides only 10 percent of the funds. A mountain State shows that 39 percent of the data it collects is required by the Federal Government which provides only five percent of its funds. A midwestern farm State says that 30 to 50 percent of its reporting time is due to Federal requirements, yet it receives only four percent of its funds from Federal sources. Another midwestern State estimates it may cost $3.50 per data item per school to provide data not readily available.

Determining the cost of providing education data is a complex problem. Elementary and secondary education includes over 90,000 schools in 16,000 districts, so the determination of the cost data is itself costly, according to CEIS. For example, depending upon the size of the school or district, the following questions must be answered to ascertain cost:

- Who is involved in collecting the data and for how long? Certified administrative staff, research personnel, students, individual school staff, district staff or State staff?
- How is the data collected and reported? By hand, or automated?
- How is the system designed?
- Is the developmental cost charged to the original activity or prorated over several years, and for how many years?
- Is the data to be reported exactly as it is collected?
- How many times will data be reported?
- In what format will it be reported?
- Will data affect decisionmaking, and if so, to what degree and how much money is made available as a result?
- Can it be understood without explanation?
- How will it be disseminated?

Measuring accurately information specific enough to provide good cost data has not yet been accomplished by CEIS, but in its opinion the question of "how much it will cost" is becoming so important that techniques must be developed soon to determine costs of data production and collection.

Colleges and universities expend from one to four percent of their operating budgets to meet the costs of implementing federally mandated social programs, according to a recent American Council on Education study[3]. The report states that these costs have increased from ten to 20 times in less than a decade.

3 Carol Van Alstyne, *The Cost to Colleges and Universities of Implementing Federally Mandated Social Programs*, Policy Analysis Service Special Report (Washington, D.C.: American Council on Education, 1976), p. 4.

A large midwestern public university indicates it responds to governmental agencies and bureaus at a cost of several million dollars annually. Smaller independent colleges, which receive the major portion of their income from students, fear that additional costs of paperwork will require increases in tuition. A consortium of 20 independent colleges in a southern State suggests Federal paperwork cost them $668,727 last year, or $47.09 for every full-time equivalent student.

A small eastern independent college president testified at a Commission hearing that his institution could not consider applying for certain grants of less than $50,000 because of the high cost of the requisite paperwork. Another midwestern public university officer testified that institutions some times forego responding to requests for proposals to help solve national problems because of the excessive paperwork involved. He said his university could increase its participation in Federal programs by 50 percent if less paperwork were required.

Costs of education at any institutional level are supported typically by taxes, tuition charges and private philanthropy. As costs increase for whatever reason, including paperwork, support from these sources must increase also. These are rarely profit-making enterprises where increased costs can be met by increasing the price to the consumer. The burden of cost in supplying data is implicit in the rationale for most of the recommendations in this report.

Overview of Recommendations

Time and resources permitted only the examination of selected paperwork burdens. In selecting those to be studied, the Commission considered the information developed through methods and from sources described in earlier pages with respect to the following criteria:

- What was the impact of programs in terms of level of funding, numbers of persons and institutions affected?
- How burdensome was collection of information in terms of availability, effort required, and whether repetitive or single-time?
- Was the burden exacerbated by multiple laws and regulations?
- Would a generic solution relieve similar burdens elsewhere?
- Would solutions provide long-term control as well as immediate relief?

Problems selected are discussed from the standpoint of grants and contracts, student financial aid, nondiscrimination, and management controls. Each subsequent section of this report considers several programs, in each of which the salient problems are stated and analyzed and recommendations are made.

Grants and Contracts. The grants and contracts category was selected because more than 2,500 colleges and universities, through the efforts of an undetermined number of thousands of researchers, administer approximately $4.5 billion in Federal projects that contribute significantly to the national interest.

Faculty members and administrators in these colleges and universities are required to complete overlapping forms, meet multiple compliance requirements from many agencies, and keep records, at an enormous cost, that have little use or validity. The grants and contracts area is discussed in Section II.

This section deals with reporting faculty and other professional time and effort; eliminating mandatory cost sharing in research and development projects; raising the threshold for nonexpendable property reporting; streamlining the payment process; extending to contracts standard administrative requirements similar to those applying to grants; establishing single agency cognizance for the protection of human subjects; and generalizing the concept of single agency cognizance.

Student Financial Aid. The largest programs in HEW's Education Division, in terms both of dollars and of individual applicants, are those in student financial aid, where over $3 billion is awarded annually to almost two million students. These awards are supplemented, when additional need exists, by State, institutional, and private sources which combine to provide $1.5 billion annually for assistance to students not receiving Federal funds as well as for additional aid to those who do. Students may complete up to seven application forms and three financial information forms, all using similar data and frequently with separate fees. This hodgepodge of programs, forms, and fees, involving duplication of data and resulting burdens upon students and their families as well as upon institutions, became an almost automatic selection for Commission study.

Selected student financial aid programs are discussed in Section III, where recommendations are made to combine applications in the Federally Insured Loan Program; to shorten and simplify institutional applications for campus-based programs; and to produce a single financial aid application for Federal, State, institutional, and private sources.

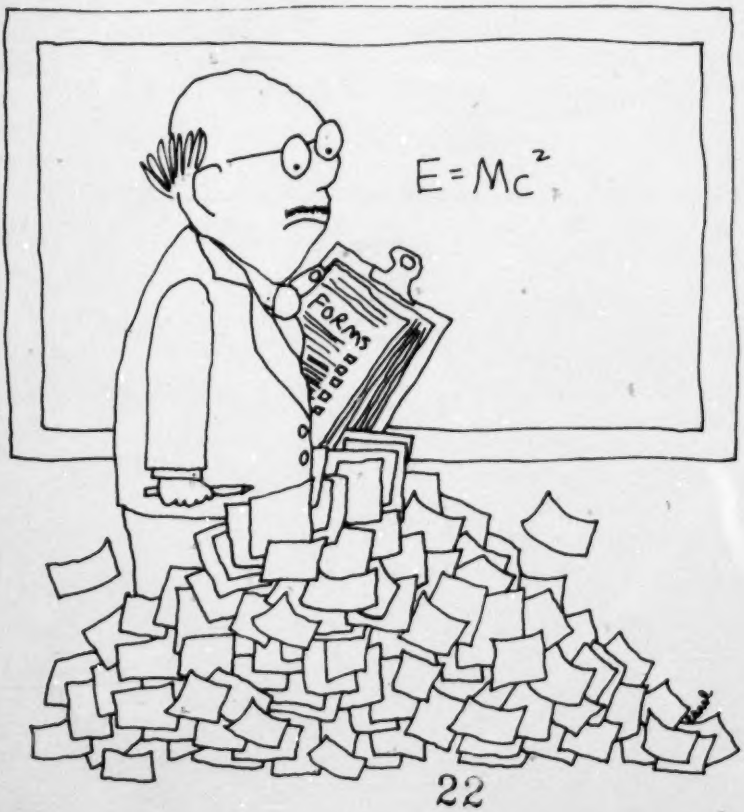
Nondiscrimination. Initiatives to eliminate discrimination and provide equal educational opportunity, especially in Federal programs, have been augmented and intensified in recent years by additional laws and regulations which have forced educational institutions into meeting a variety of compliance requirements from many agencies. As employers and Federal contractors, in admissions and financial aid policies, educational institutions and agencies are committed to nondiscrimination. But the reporting and enforcement requirements of Federal agencies in administering these necessary programs are uncoordinated and overlapping, causing unnecessary expense and burden. For these reasons, nondiscrimination, which comprises Section IV of this report, was selected as a topic for study. In that section, the Commission recommends a single cognizant agency for equal opportunity and civil rights recordkeeping, reporting, and compliance in the field of education.

Management Controls. States and territories and their 91,000 elementary and secondary schools face special reporting problems, in part because of the number of categorical programs,

each requiring appropriate accountability for Federal funds and each requiring compliance with equal opportunity mandates. CEIS monitors effectively the individual data collection activities, but there remains the necessity for better management of the overall Federal collection to improve the value of the data submitted. On this basis, the management of data gathering was chosen as a topic for study that is treated as a part of the management controls discussed in Section V.

Management solutions to generic paperwork problems are proposed there which can provide for the central coordination of data collection, a common language of communication in that collection, and automated processing of data elements by purpose and subject to improve clearance procedures and reduce duplication. These management solutions can also improve the ability to make multiple uses of data.

The final analyses in Section V discuss the roles of Congress and of education respondent groups in controlling excessive and burdensome recordkeeping and reporting in the future.



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Abbreviations Used

ACT — American College Testing Program
BEOG — Basic Educational Opportunity Grant
BOB — Bureau of the Budget, predecessor of the Office of Management and Budget
CCD — Common Core of Data
CCSSO — Council of Chief State School Officers
CEIS — Committee on Evaluation and Information Systems
CSS — College Scholarship Service
CWS — College Work-Study Program
DFAFS — Department of Health, Education, and Welfare Federal Assistance Financing System
EDAC — Education Data Acquisition Council
ERDA — Energy Research and Development Administration
ESAA — Emergency School Aid Act
FISL — Federally Insured Student Loans
GAO — General Accounting Office
GSLP — Guaranteed Student Loan Program
HEGIS — Higher Education General Information Survey
HEW — Department of Health, Education, and Welfare
IRS — Internal Revenue Service
LEA — Local Education Agency
NACUBO — National Association of College and University Business Officers
NASFAA — National Association of Student Financial Aid Administrators
NCES — National Center for Education Statistics
NDSL — National Direct Student Loan Program
NIH — National Institutes of Health
OCR — Office for Civil Rights of the Department of Health, Education, and Welfare
OE — Office of Education in the Department of Health, Education, and Welfare
OFCCP — Office of Federal Contract Compliance Programs of the Department of Labor
OMB — Office of Management and Budget
PHS — Public Health Service
P.L. — Public Law
SEA — State Education Agency
SEOG — Supplementary Educational Opportunity Grant

II.
Grants and Contracts

Federal grants and contracts were identified early in the Commission's study as major sources of concern to higher education. Federal grants and contracts awarded to colleges and universities amounted to more than $4.5 billion in fiscal year 1975, according to the National Science Foundation's Surveys of Science Resources. These awards were shared by 2,517 institutions.

Colleges and universities are labor-intensive, salaries and wages constituting their largest item of expenditure. A major source of difficulty for these institutions is the paperwork required to document the portion of salaries and wages that is applied to Federal grants and contracts. Another is the administration of property acquired in the course of these programs, and a third element is the manner in which payment for these projects is made by Federal agencies to the institutions. These three topics are discussed first in this section.

The Commission noted progress made by OMB in establishing consistent policies and procedures among Federal agencies in the administration of grants and contracts. It noted also the leadership exercised by HEW in developing effective and responsive regulations for the protection of human subjects involved in Federally supported research and urged that HEW be assigned sole responsibility for regulations in this area as the "cognizant agency." Finally, the Commission investigated the cognizant agency concept as a potential solution in other areas, perhaps including those where critical problems may not yet have emerged. Discussion of these three steps concludes this section.

Documentation of Personal Services

The process of reporting and documenting the efforts devoted to Government-sponsored programs by faculty members and other professionals at colleges and universities has been an abrasive one for many years. The issue involved in effort reporting, simply stated, is this: How can the Government be assured that faculty and professional services offered by the universities under the terms of their grants and contracts have been delivered and are properly chargeable to programs financed by public funds? The process involves some form of monthly data for each professional involved in Government-sponsored programs at every college and university. These data are prepared on forms designed by each institution and are made available to Federal auditors as needed.

The War and Navy Departments jointly issued, in 1947, an "Explanation of Principles for Determination of Costs Under Government Research and Development Contracts With Educational Institutions." This document stated (paragraph 8) that:

> *Where faculty members paid on a salary basis work part-time on a government research and/or development project, reasonable estimates of such time may be used in lieu of exact time records, it being recognized that such members of*

educational institutions cannot be expected to keep time records in the manner common to industrial organizations.

Bureau of the Budget Circular A-21[1], first published in 1958, sets forth cost principles for educational institutions with respect to all Federal agencies. On this point, it specified (paragraph I.C.1.a.) that:

> *Where professional staff paid on a salary basis work directly part-time on a research agreement, current and reasonable estimates of time spent may be used in the absence of actual time records.*

These estimates were typically expressed as "percent of effort," since a flat number of hours would have no translatable value.

Faculty Resistance. In most institutions faculty members have consistently held effort reports to be incompatible with the creative processes of academic activity. The effort report system is, to them, fallacious and meaningless in that it rests on the assumption that it is possible to partition, for purposes of record, an individual's intellectual effort. A report, "The Effort Reporting Issue," prepared at Harvard University in March 1967, stated that the phrase "percent of effort" is itself illogical when one considers the question "percent of what?" "Within the academic world," the Harvard report continued, "the conception of an eight hour day and 40 hour week are as incongruous as a 40 hour day and an eight day week."

In addition, the academic environment particularly is affected by the "joint product" phenomenon, under which two separate benefits flow from the same effort. The most common example of this is a faculty member who simultaneously is conducting research while guiding the activities of graduate students engaged in that research as part of their thesis requirement. Teaching and research duties are highly interrelated, and their separation can be accomplished only by an arbitrary and subjective process.

The Council of the American Mathematical Society enacted a resolution at its meeting on August 29, 1967, urging responsible university officers to take action "to have Time and Effort Reports and similar documents pertaining to faculty members' time eliminated, because it considers that such documents are incompatible with academic life and work. The Council reiterates the traditional view that teaching and research are inseparable, and that accounting procedures in universities must take account of their unitary character." Such faculty resistance could not be ignored, since in the last analysis any documentation of effort devoted to a project must originate with the individual.

Cost Sharing. The effort reporting problem was exacerbated by the imposition of mandatory cost sharing, which requires that the performer of a research grant or contract participate in the cost of its performance. There had always been cost sharing on a voluntary basis by universities, ever since sponsored projects appeared there, primarily in the form of direct faculty effort applied to such projects for which no reimbursement was claimed. This practice arose from the concept that faculty workloads customarily left some unscheduled time to be used, at the individual's discretion, for purposes of professional advancement — writing,

[1]Also known as Federal Management Circular 73-8.

study, research, or whatever. Such unscheduled time was devoted without charge to sponsored projects. Voluntary cost sharing of this type continues on a large scale today, even though the volume of sponsored projects has grown dramatically. The resultant demands upon faculty effort far exceed the unscheduled time, however, and individuals must therefore be released from other academic duties in order to accommodate the excess of sponsored projects.

In 1965, cost sharing on research grants became a statutory requirement, set forth in appropriation acts for several agencies. Bureau of the Budget Circular A-74, issued in December of that year to implement these statutory provisions, instructed the agencies to require institutions to maintain records demonstrating their participation in the costs of each project. This necessitated effort reports even from those faculty members who, because all of their salaries came from institutional funds, had not had to prepare them prior to the imposition of cost snaring.

At present, cost sharing requirements may arise either from statutory provisions or agency regulations. The statutory provisions have appeared each year in two appropriations bills, one for the Labor-HEW Departments and the other for the Independent Offices and the Department of Housing and Urban Development, which bill includes funds for the National Science Foundation and the National Aeronautics and Space Administration. The agency regulations are largely based upon OMB Circular A-100, "Cost sharing on research supported by Federal agencies," which replaced the earlier Circular A-74. Circular A-100 states in paragraph 5.b. that when cost sharing is not required by statute, "agencies shall encourage organizations to contribute to the cost of performing research under Federal research agreements" under certain conditions. The Department of Defense appropriation bills for fiscal years 1966 through 1969 carried the same cost sharing requirement as the Labor-HEW bill. This was dropped in fiscal year 1970, and no statutory cost sharing has applied to DOD since that time. However, that Department has continued to require cost sharing on research grants.

Interagency Task Force. Faculty resentment against effort reports, aggravated by the cost sharing requirement, was reinforced in many instances by Federal agency personnel. Objections were sufficient to persuade the Budget Bureau, in late 1967, to designate an interagency task force to review the problem. Under the chairmanship of Cecil E. Goode of BOB, the task force included members from the Defense Contract Audit Agency, the General Accounting Office, the National Institutes of Health, and the National Science Foundation. Its report, issued February 23, 1968, followed briefings by the Federal agencies, interviews on 21 campuses with faculty and with academic and business administrators, and subsequent discussion of findings with Federal officials and university representatives. The task force conclusions contain the following (page 38 of the report):

> *Time or effort reports now required of faculty members are meaningless and a waste of time. They have engendered an emotional reaction in the academic community that will endanger university-Federal relations if relief is not provided.*

They foster a cynical attitude toward the requirements of government and take valuable effort away from more important activities, not the least of which is the research involved. We need to go to a system that does not require documentary support of faculty time devoted to government-sponsored research. No real evidence of faculty effort is provided anyway under the present system, and there is no way other than the research results themselves to prove how much effort was in fact expended.

The task force report describes the negative attitudes toward effort reporting (page 21), expressed not only by the academic community as being impossible, meaningless, and a disincentive, but also by the Federal agencies as being unrealistic, unnecessary red tape, and needlessly complicating relations.

The task force recommendations included the following (pages 39-43), which were largely adopted in a revision of Circular A-21 in June 1968:

1. Adoption of an optional device known as stipulated salary support, for use by faculty members and any others engaged in part-time research and part-time instruction. Under this procedure, agreement is reached between the sponsoring agency and the institution, during the proposal and award process, as to the monetary value of the contribution that the individual is expected to make to the particular project. This amount, once agreed upon, requires no subsequent documentation and remains fixed unless there is a major change in the individual's performance.

2. For those not using the stipulated salary support method, replacement of the effort reporting system by one based upon institutional payrolls. These payrolls must be supported by either (1) an adequate appointment and workload distribution system accompanied by periodic reviews by responsible officials or (2) a monthly certification system under which deans, department heads, or supervisors would report any significant and long-term changes in the workload distribution of any professional. (As adopted in A-21, the periodic reviews specified in (1) above were prescribed as monthly, and the certifications specified in (2) were to be made by one with first-hand knowledge of the services performed on each research agreement.)

Subsequent Developments. The stipulated salary procedure has found virtually no acceptance in the academic community. No explanation can be found for this. The only tenable theory is the inflexibility of the procedure. Circular A-21 states (section J.7.e.): "The stipulated salary for the academic year will be prorated equally over the duration of the grant or contract period during the academic year, unless other arrangements have been made in the grant or contract instrument." This means that minor variations cannot be reflected in the charges.

Accordingly, the alternative payroll-based system has been used, which involves monthly after-the-fact reviews or certifications that have all of the defects of the original effort reporting system. Although the payroll-based system does not require effort reports as such, the resulting procedures were tantamount to effort reports, and for this reason a number of institutions have continued the effort reporting system. A proposal was made in January, 1977, by the Department of Health, Education, and Welfare to the Office of Management and Budget that the effort report system be revived.

The Commission analyzed a 1976 survey made by NACUBO of universities heavily involved in sponsored programs. Of 53 responses, 37 stipulated the documentation of personal service charges, including cost sharing, as among the most burdensome of recordkeeping requirements because of the considerable internal paperwork generated by this process. The extreme decentralization within the institution of the effort reporting procedure makes it difficult to obtain estimates of costs in dollars or in hours. The University of Iowa estimates an annual requirement of 2,400 man hours. Another estimate, 1,800 hours including 500 on the part of faculty members, was made by a State university in the Rocky Mountain area.

The Commission finds that:

- The stipulated salary support method has not been found to be in use at any institution with a sizable involvement in sponsored programs.
- The institutional payroll system, with monthly after-the-fact reviews or certifications, is producing results that are laborious to the institutions and unsatisfactory to the agencies.
- The requirement for demonstrating cost sharing, to the extent that cost sharing is in the form of contributed professional salaries — which is the most common form — is an added difficulty. Cost sharing by definition is not a payroll allocation, so that the required documentation must be outside the payroll system.
- The Commission on Government Procurement, in its Recommendation B-8, proposed the elimination of cost sharing on research and development projects except in cases where the performer would clearly benefit, for example, through economic benefits from commercial sales. The arguments in favor of this recommendation (B-8) appear on pages 26-28 of Volume II of that Commission's final report. A special task group, charged with proposing an executive branch position on the recommendation, submitted a report in January 1976, affirming the recommendation for the elimination of cost sharing.

Recommendation No. 1
With respect to services for which charges are made against the grants or contracts involved, the Director of the Office of Management and Budget should:

- ***a. Inquire into the reasons for the failure of colleges and universities to use the stipulated salary support option set forth in OMB Circular A-21;***
- ***b. Determine whether it is feasible to revise the terms of the option to accommodate these reasons; and***
- ***c. Confer with the Cost Accounting Standards Board to assure consistency with the Board's requirements.***

Recommendation No. 2
With respect to services for which no charge is made but which nevertheless must be documented in order to demonstrate cost sharing, the Commission endorses the position of the Commission on Government Procurement, in its Recommendation B-8, concerning the elimination of mandatory cost sharing on research and development projects, except in cases where the performer would clearly benefit.

These recommendations were adopted by the Commission December 3, 1976. In response, the Director of OMB replied to the Commission February 2, 1977, agreeing that the stipulated salary support option would result in a considerable paperwork reduction and stating that his Office would inquire into the matter. "If, as a result of that inquiry," wrote the Director, "it appears feasible to revise the terms of the option to assure its more frequent use, we would be glad to consider such a revision." The Director further pointed out that cooperation and coordination with the Cost Accounting Standards Board had been regularly maintained and would continue with respect to any changes in Circular A-21.

The Acting Administrator of the Office of Federal Procurement Policy replied to the Commission on March 3, 1977. He stated that a "policy document which would implement a number of the Commission on Government Procurement recommendations, including B-8 on cost sharing, is under consideration."

Accounting for Nonexpendable Property Purchased by Grantees

Administration of Federal grants usually entails the use of equipment or other nonexpendable personal property. For property on hand, grantees are normally reimbursed through depreciation allowances or use charges generally treated as indirect costs. However, it is sometimes necessary for a grantee to acquire equipment for a specific purpose as part of the direct cost, particularly in the case of scientific research. In this event, with the prior approval of the grant-making agency, the full acquisition cost can be treated as an allowable direct cost.

Once the property is acquired, the grantee must account to the Federal Government for its use and, when the property can no longer be used in connection with Federal awards, must reimburse

the Government for its share of the fair market value or proceeds from sale. During the period of time in which there is a Federal interest in the property, the grantee has to maintain prescribed property management standards including property records.

These regulations impose a substantial reporting and record-keeping burden on colleges and universities. In a 1976 survey by NACUBO of 53 institutions heavily involved in federally-sponsored research, 30 rated the management and control of property as among the most burdensome Federal recordkeeping requirements. Although the Commission focused on higher education, the recommendations, below, are intended to apply to other grantees as well.

Grantees contend that the rules to carry out accountability provisions are complex and burdensome. For example, a grantee or subgrantee is required to:

- Maintain property records including a description of the property, manufacturer's number, acquisition date and cost, percentage of Federal participation, location, use and condition, etc;
- Conduct a physical inventory at least biennially, investigate differences between the inventory and accounting records, and verify current utilization and continued need for the property;
- Maintain a control system to prevent loss, damage or theft;
- Implement adequate maintenance procedures;
- Use property in accordance with Federal regulations and priorities; and
- Establish proper sales procedures to assure competition when property must be sold.

These rules are cited from Attachment N of OMB Circular A-110, which is discussed later in this section. In Attachment N, which sets forth property management standards, the Circular establishes a standard definition of nonexpendable property (equipment costing $300 or more with a useful life of more than one year) in place of the welter of definitions previously used by different agencies. Equally significant, the Circular raises to $1,000 the threshold of nonexpendable property which grantees are permitted to use for other activities without reimbursement to the Federal Government, after that property is no longer needed for Federal grant programs.

Although the rules in A-110 are a distinct improvement over previous regulations, they are still burdensome and costly for grantees. Furthermore, some Federal administrators are of the opinion that Attachment N of the Circular is in some respects overly simplistic, and that even more elaborate rules will have to be worked out to implement certain provisions. For instance, the regulations in A-110 extend to the entire universe of non-governmental recipients, subgrantees, and cost-contractors as well as to the original grantee. But the Circular does not explain how the accountability provisions are to be applied to subgrantees. If the

property is sold, for example, how is the Federal share to be computed when title vests conditionally with the subgrantee? According to knowledgeable Government officials, an even more complex body of rules will be required to deal with this problem and others.

Burdens on Grantees. Compliance with the property management requirements frequently imposes substantial administrative costs on grantees. For instance, the University of Rochester estimates that it requires a minimum of two man-years annually merely to maintain equipment listings and report thereon. Another estimate of three man-years annually was supplied by the University of Washington.

A study by the University of California, San Diego, reveals the futility of much of the paperwork resulting from Federal regulations. The study found that a substantial percentage of property at the University was either Government property or property acquired with Federal grants and contracts and subject to Federal regulations. According to the study:

> *The resulting administrative burden is significant. Title to almost all this equipment (University officials estimate 99 percent) will eventually be vested in the University or the property will be used exclusively by the University during the life of the property. During these years, the cost and other burdens on the University are substantial. These are reflected in unnecessary records, unproductive and expensive reports and restrictions which prohibit full utilization of the property.*[2]

Particularly onerous was the requirement for the physical inventory.

There is also some evidence that Federal regulations actually interfere with what is normally considered good property management. For example, Circular A-110 does not address the question of "trade-ins," and the issue is subject to different interpretations by the various agencies. Some Government officials and grantees believe that colleges and universities are inhibited by the regulations from trading in equipment for newer or more recent models while the original equipment still has commercial value—something they would normally do under good property management standards. They are reluctant to do it because of the paperwork involved and the requirement to reimburse the Government for its share. The university would have to return to the Government a percentage based on the Government's original contribution while itself absorbing the price differential.

Level of Accountability. There is convincing evidence that the present threshold for accountability, that is, the minimum value of property subject to Federal recordkeeping requirements, is unrealistic. NACUBO, commenting on the recordkeeping responsibilities set forth in Attachment N of OMB Circular A-110,

[2]University of California, Research Management Improvement Project, *Property Management* (San Diego, California: 1974), p. 13.

asked for certain data from constituent institutions that are heavily involved in federally-sponsored projects. The brackets suggested were $300 to $1,000, $1,000 to $5,000, and more than $5,000 of unit cost. The $300 minimum was chosen because that is the minimum unit cost of property that Circular A-110 defines as nonexpendable and thus subject to recordkeeping requirements.

Twenty-four institutions were able to report such studies. They indicated that, if such recordkeeping responsibilities were limited to property with a unit cost of $5,000 or more, the number of items would drop by more than 90 percent while more than 55 percent of the total dollar value would remain on the list. If the accountability level were increased only to $1,000, the number of items on which recordkeeping was required would drop by 63 percent, while more than 82 percent of the dollar value would be retained.

The Question of Accountability. Raising the level of accountability from $300 to $1,000 would be an improvement over existing requirements and would substantially reduce the recordkeeping burden on colleges and universities. Logic and evidence, though, compel the Commission to raise a more fundamental question: do the regulations serve a useful national purpose? Regardless of the level of accountability, the paperwork burden resulting from the regulations can be justified only if the accountability serves a useful purpose.

The major argument advanced by Government officials[3] in support of accountability, briefly stated, is:

> *Since property may have a useful life beyond the immediate objectives of the grant, the Federal Government has a responsibility to see that it is used for appropriate public purposes and to recover the value of any remaining useful life when the property can no longer be used for authorized purposes.*

This argument treats the unused life of the property, its remaining value, as the residue of grant funds or, in other words, unspent money from the grant. However, it can be shown that the accountability provisions for grants are not an absolute necessity and that they do not always serve a useful national purpose.

Waiver of accountability can be justified as consistent with proper accounting practices for Federal funds. To treat property as the residue of a grant is a fully acceptable accounting approach, but it is only *one* approach. It is equally correct to take another approach that treats property as the residual benefit, not residual funds, from the grant. Under one recognized accounting approach, the full acquisition cost of the property is part of the cost of the grant and allocable to the grant period in which acquired. (In other words, the cost of the property is charged in full to the grant and is therefore

[3]For instance, officials at the General Services Administration and the Office of Management and Budget.

justified and accounted for during the life of the grant itself.[4] Federal responsibility ends when it is determined that the cost of the property is necessary and reasonable to achieve the purposes for which the grant is being made.)

Therefore, there is no residue of the grant, but rather a residual benefit to the grantee from the grant, analogous to other long-term benefits resulting from a grant. For example, curriculum development projects supported with Federal grants often confer additional benefits on the grantee, but no one claims that the Government is owed any money for these increased benefits. Similarly, most agencies waive their right to royalties resulting from copyrights that have been developed under Federal grants.

To extend to the grantee the long-term benefits of property is consistent with Federal policy for grants. This is intended to provide (financial) assistance for programs or projects in the national interest, many of which continue after Federal funding ends. One must also add that Circular A-110 now extends to grantees the right to use property acquired under one grant on other federally-assisted projects and even on projects no longer supported with Federal funds. Since the Government has already extended the rules so far, giving grantees some benefits, there appears to be little, if any, justification for the existing restrictions.

Furthermore, Congress has already recognized situations when the accountability provisions are not in the public interest, and it has waived accountability for a large category of programs in several important classes. The Scientific Research Grants Act, P.L. 85-934, gives agencies discretionary authority to vest title to equipment purchased with grant or contract funds, without further obligation to the Federal Government, for the conduct of basic or applied scientific research at nonprofit institutions of higher education or at nonprofit organizations whose primary purpose is the conduct of scientific research. The General Education Provisions Act, P.L. 91-230, permits the Commissioner of Education discretionary authority to vest title to equipment purchased with grant or contract funds at local educational agencies and State educational agencies, without further obligation to the Federal Government.

The rationale for waiving accountability in the Scientific Research Grants Act was twofold: to increase U.S. scientific research capability by developing the resources of institutions and organizations, and to reduce Federal costs for accounting, shipping and disposition of equipment, on the grounds that such costs would far exceed the use value to the Government of much of that property. Similar arguments were advanced for the waiver of accountability in the General Education Provisions Act.

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[4]It should be noted that the cost principles for educational institutions, OMB Circular No. A-21 (also known as FMC 73-8) state, in section C.4.a: "Where the purchase of equipment or other capital items is specifically authorized under a research agreement, the amounts thus authorized for such purchases are allocable to the research agreement regardless of the use that may subsequently be made of the equipment or other capital items involved."

In those cases where accountability has not been waived, the Commission has not been able to find hard evidence that the property provisions are being enforced. For example, no one on the staff of the Finance Offices of the Office of Education and the Office of Human Development (HEW) can cite for any recent time period how much money, if any, had been returned to the Federal Government representing the Federal share of equipment acquired under its grants, or even the total dollar value of equipment purchased under its grants. The lack of response to these questions indicates that there is a large body of rules that are extremely difficult to enforce.

Furthermore, some Federal officials believe that any attempt to enforce the regulations, given their other responsibilities and the complexity of the rules, would be extremely difficult, perhaps impossible. For instance, the HEW Audit agency acknowledged that it was very difficult to determine whether a grantee was in compliance with the property regulations, that is, whether the property was being used for authorized purposes, particularly at larger institutions with multiple research projects.

Agency Burdens. The Commission has attempted to discover how the Government monitors compliance with property regulations. No cost data are available, but discussions with agency staffs indicate that implementation of property regulations is costly and burdensome and produces little, if any, appreciable return to the Government.

For instance, to effect disposition of property when the grantee can no longer use it for authorized purposes, the agency must first describe the item and put it on an excess property list which is then sent to every Government agency for screening. An OE official estimates the cost of the entire screening process to be $55 per line item. If no agency can use the property, the General Services Administration declares it surplus and makes it available for donation. Some officials question whether the returns to the Government, often negligible since the property has depreciated in value, justify the cost of these procedures.

The same point was the principal reason for an unsuccessful HEW attempt to extend the Scientific Research Grants Act in 1969, an effort supported by six other agencies. In the draft of a cover letter to Congress, the Secretary said, in part :

> *The additional administrative workload and cost of such procedures (governing property) contribute nothing to furthering the research and training program purposes of the Department and result in no appreciable economy. Equipment which grantees or contractors purchase with Federal funds is equipment they need to carry out their Department-supported research and training program operations, which are usually only a part of their continuing research and training functions. Since the continuing functions are almost always in the same general program area as the Department-supported activity, such equipment should normally continue to be available for use in program areas of interest to*

the Department without imposing an obligation on the institution to establish and maintain records and to undertake other procedures that serve little useful purpose.

Recommendation No. 3.
The Director of the Office of Management and Budget should consider changing from $300 to $1,000 the minimum value of property acquired under grants that is subject to accountability provisions.

Recommendation No. 4
The Director of the Office of Management and Budget should undertake further study to determine if the burden on grantees and agencies associated with accounting for nonexpendable property is indeed excessive, whether the returns to the Government are commensurate with the costs of enforcing the regulations, and whether other, more efficient means can be devised to protect the Federal interest.

These recommendations were adopted by the Commission on February 25, 1977. In response, the Director of OMB replied to the Commission on March 28, 1977, that the study specified in Recommendation No. 4 would be undertaken as part of OMB's continuing program to update its Circulars. This study, wrote the Director, will consider whether the $300 criterion should be changed.

DHEW Federal Assistance Financing System
In recent years, the Federal Government has attempted to simplify and standardize payment procedures for Federal grants and contracts. One such effort, the HEW Departmental Federal Assistance Financing System (DFAFS), represents a significant advance in fiscal reporting and management which substantially reduces the paperwork burden on recipients of Federal awards. The advantages of the system have not been seriously explored by other agencies or departments. If extended in some form to other Federal agencies, substantial financial and paperwork savings could be realized by both the Government and recipients.

DFAFS is a computerized system that provides to a recipient organization a consolidated payment on all its HEW programs, rather than individual payments for each grant or contract. As of October 1975, DFAFS was handling approximately 80 percent of HEW grants and "assistance-like contracts," or approximately 53,000 awards with funding in excess of $8.5 billion.

The system is designed to facilitate the payment process by standardizing expenditure reports and providing a single central location in HEW for award payments — a significant advance for a department as highly decentralized as HEW. In effect, DFAFS functions as a fiscal intermediary between the agencies and recipient organizations; that is, it provides cash as needed to recipients and collects summary expenditure data from them. This is fed into the accounting offices of the various agencies for the fiscal management of programs and for updating records.

As an advance funding system, DFAFS utilizes two basic payment mechanisms— the letter of credit and the monthly cash request. Criteria for determining the method of payment are governed by Treasury regulations, specifically Treasury Circular 1075. To qualify for a letter of credit under these regulations, a recipient must have continuing business transactions with HEW aggregating at least $250,000 annually. Of the approximately 14,000 recipients in DFAFS, 68 — primarily larger universities, but also including seven States and one territory — receive letters of credit.

For instance, New York State has one letter of credit for all State agencies (health, welfare, etc.), and the State University of New York has a separate one for its 64 campuses. The letter of credit operates through the U.S. Treasury, a Federal Reserve Bank, and the recipient's bank. An authorization is established in an amount based on the recipient's average monthly expenditures for all HEW programs, and recipients can draw on this amount as needed simply by presenting a payment voucher at their local bank.

The monthly cash request— a procedure used by the majority of DFAFS recipients, approximately 13,900, whose business relationships with HEW do not exceed $250,000 per year— provides cash in advance to cover anticipated expenditures for the succeeding month. To obtain payment, one form is submitted for all HEW programs indicating, in summary form, available cash on hand and anticipated expenditures for the coming month. Normally, it takes the Treasury seven to ten days to honor the request. Thus, if the form reaches DFAFS by the 25th of the month, a Treasury check should be in the hands of the grantee or contractor early the following month.

Each quarter, DFAFS furnishes recipients a report showing the authorized amount for each award and a listing of both active and expired awards held by the recipient. The recipient compares this report with its records and corrects and completes the form showing cumulative expenditures to date for each award. The Commission finds that:

- DFAFS provides recipients a single point of contact within HEW for cash matters. Even in a small agency, grantees frequently deal with several different offices (program, grants, finance) on matters relating to award payments. Obviously, the situation becomes more complex when an institution has multiple grants and contracts from different offices within an agency as large and widespread as HEW. Merely identifying the appropriate official who can handle the problem frequently results in delays and unnecessary paperwork for the grantee.
- DFAFS significantly cuts paperwork by reducing the bookkeeping and reporting on grants and contracts. One can best illustrate this by comparing the billing and reporting requirements for DFAFS with those for other Federal agencies.

One major university currently has 175 awards under DFAFS and 22 from all other agencies. The latter represents only 8 percent of the institution's total Federal funding. Four full-time staff are required for billing on the 22 awards; no full-time person is needed for the DFAFS account.

Each month staff must submit a separate cash request for each of the 22 awards not granted by HEW and an additional form summarizing all cash transactions with each agency. The forms themselves are relatively simple; however, the bookkeeping required to collect the data is extremely burdensome and time-consuming because 22 different accounts are involved. For instance, staff must complete a monthly cash reconciliation for each account, manipulate that data to fit the different reporting requirements of each agency, then estimate the next month's expenditures for each award, and reconcile these figures with the previous month's. Since DFAFS, on the other hand, requires only total anticipated expenditures for all programs, far less bookkeeping is required.

Additional paperwork is created when the Treasury checks are received at the institution. Since neither the funding source nor the award number is always clearly indicated on the checks, considerable time is spent matching the check to the appropriate award. Here again, the contrast with DFAFS is striking. A single check is received for all DFAFS awards and assigned to a single cash account.

- DFAFS enables recipients to gauge their needs and manage funds better by making available one lump sum each month. Officials at Georgetown University and Johns Hopkins report that, since the system was introduced, their accounts for Federal funds are balanced for the first time. Knowing the total Federal funds unexpended and the exact amount due them at any one time, recipients can plan and manage their funds more efficiently.

- Consolidation of payments under DFAFS helps minimize cash flow from the Treasury and thus reduces the amount of interest the Treasury must pay on borrowed funds. A conservative estimate from the Treasury is that in fiscal year 1975 DFAFS provided interest savings of approximately $20 million.

  These savings result from DFAFS' more efficient use of Federal funds. Treasury regulations require grantees to time their payment requests or draw-downs as closely as possible to actual expenditure needs. However, where payments are not consolidated, grantees frequently do not draw on a needs basis, but rather reserve a small residue of Federal funds from each award to cover any unforeseen expenses, because they cannot use money from one account to cover expenditures on another. In contrast, DFAFS creates a single cash pool for recipients which

permits them to use those funds as needed for any DFAFS award. Recipients are thus able to monitor and control cash flow better while keeping the balance of Federal funds at the institution to a minimum.

Although DFAFS offers distinct advantages to both recipients and the Federal Government, one problem with the system must be acknowledged. That is the inaccuracy of data often supplied to DFAFS by the HEW agencies, which creates difficulties for the institutions in reconciling their DFAFS accounts. The DFAFS staff is fully aware of the problem and has initiated efforts to correct this deficiency.

For instance, DFAFS and agency staff have been working to standardize financial data elements on award letters, the initial and crucial source of information for both DFAFS and recipients. Literally hundreds of different award forms are currently being used by HEW. These often have confusing entries, such as two different locations in HEW for payment. Standardization of the data elements is expected to alleviate many of the problems involved in reconciling DFAFS accounts with the recipients' own records, thus promoting a closer relationship between DFAFS and its 14,000 recipients.

Despite this problem, universities approached by the Commission are still enthusiastic about DFAFS. Their chief complaint is that more Federal programs are not covered by the system. The Commission also found an enthusiastic endorsement of DFAFS among officials at Treasury and OMB, although there is no consensus on precisely how the model might be expanded or adapted to other Federal programs. Some officials believe that other agencies and departments, particularly larger ones with different components and offices dealing with the same kinds of recipients, might establish comparable systems — paralleling DFAFS — with the same standardization of concepts, reporting levels, and procedures. Another option is to expand DFAFS eventually into a single centralized payment system for the entire Federal Government.

Whatever the merits of these proposals, the Commission's research confirms that the system has a potential that should be explored more fully to the advantage of both recipients and other agencies of the Federal Government.

Recommendation No. 5
The Commission on Federal Paperwork endorses the concept of DFAFS as an effective way of streamlining the payment process and reducing paperwork in one important area of grants and contracts administration.

Recommendation No. 6
The Office of Management and Budget and the Department of Treasury should systematically evaluate DFAFS and explore ways of expanding the system to other Federal programs.

These recommendations were adopted by the Commission on December 3, 1976. In response, the Director of OMB replied on February 2, 1977 that "We endorse the concept of a consolidated payment system such as the one used by HEW. It is our understanding that Treasury is systematically evaluating the HEW system, and exploring ways of expanding the system to other Federal programs."

OMB Circular A-110

On July 1, 1976, OMB issued Circular A-110 establishing "uniform administrative requirements for grants and other agreements with institutions of higher education, hospitals, and other nonprofit organizations." This Circular, whose initial implementation process was to have been completed early in 1977, will reduce substantially the paperwork burden on the nonprofit sector to which it applies.

Although Circular A-110 applies to virtually all grants awarded to the nonprofit sector, it covers only a small fraction of the contracts performed by these organizations. The substantial contribution that the Circular makes to the reduction of recordkeeping, reporting, and other burdens could be enhanced considerably if the standards set forth in the Circular could be made applicable, where appropriate, to the majority of Federal contracts for research, training, demonstration, and public service that are performed by nonprofit institutions and organizations. In the absence of expanded coverage, there will be only partial realization of the potential benefits of Circular A-110.

History. The Circular is the outcome of an effort originated in September, 1970, by an interagency task force established by OMB. Between that date and February, 1975, when it was published in the *Federal Register* in proposed form, drafts were subject to circulation, review, discussion, and comment by interested parties in and outside the Government. Further comments on the published material were numerous, and the Circular was issued in its present form July 1, 1976.

The original intention of the task force had been to embrace both grants and contracts, excluding only such specialized concerns as systems development or hardware production, services to Federal employees or their beneficiaries, operation of federally-funded research and development centers, the Reserve Officers Training Corps, the Medicare program, and any awards providing for a fee or profit or based primarily on cost competition. To obtain agreement from the agencies, however, and to provide consistency in the grants area, OMB limited the Circular's initial coverage to awards that are not required to conform to procurement regulations.

Circular A-110 includes 15 Attachments, each establishing standards in a given area. These are:

A. Cash Depositories
B. Bonding and Insurance
C. Retention and Custodial Requirements for Records
D. Program Income
E. Cost Sharing and Matching
F. Standards for Financial Management Systems
G. Financial Reporting Requirements
H. Monitoring and Reporting Program Performance
I. Payments Requirements
J. Revision of Financial Plans
K. Closeout Procedures
L. Suspension and Termination Procedures
M. Standard Form for Applying for Federal Assistance
N. Property Management Standards
O. Procurement Standards[5]

Certain aspects of Attachments I and N were discussed earlier in this section.

Limitation. The Circular applies to "grants to, and other agreements with" the nonprofit sector. It excludes from the term "other agreements," however, "contracts which are required to be entered into and administered under procurement laws and regulations." Most agencies are permitted by statute to issue either a grant or a contract for the bulk of the programs conducted for them by the nonprofit sector. Their contracts, when they decide to use that instrument, are subject to the applicable procurement regulations, with very few exceptions. Thus, the great majority of contracts performed in the nonprofit sector remain unaffected by Circular A-110.

Both grants and contracts have been successfully used for research, training, and other types of programs performed by colleges, universities, and other nonprofit organizations. The failure of Circular A-110 to cover contracts means that a large body of agreements will continue to be subject to a multitude of differing policies, procedures, and administrative requirements that are inconsistent, confusing and burdensome.

Financial Reporting. The Commission examined in detail Attachment G, Financial Reporting Requirements, as an example of the items covered by Circular A-110. This topic was chosen because fiscal reporting directly involves paperwork and because both university and Government representatives have recognized it as a problem. Although the problem affects both grants and contracts, the uniform standards prescribed by Attachment G are expected to resolve most of the difficulties under grants. The problems under contracts fall into four categories:

[5]Circular A-110's Procurement Standards cover the acquisition of supplies, equipment, construction, and other services with Federal funds under the agreements subject to the Circular.

1. The fact that forms differ from one another requires respondents to master separate sets of instructions and apply them as reports fall due. It also inhibits the use of data processing techniques in providing financial information.

2. Duplication of data arises largely from the dual purpose of financial reporting. Reports are used in conjunction with the payment procedure as a means of fiscal control. They are also used as a management tool in monitoring contract performance. Such monitoring can indicate potential overruns, underexpenditures, delays, or other significant variations from prior estimates. Manpower data are frequently included as part of financial reports, although this information is not of a fiscal nature.

   Despite the differences in purpose, the report forms used for financial control and for performance monitoring share, to a striking extent, many of the same details.

3. The troublesome requirements for detailed itemization arise less frequently from the offices responsible for payment and financial management than from program managers charged with monitoring contract performance.

   These details often involve individual analysis since they go beyond what the contractor's accounting system normally records, although the full detail is always available for audit purposes. It is difficult for contractors to understand the need or the use for the amount of itemization demanded.

   In many cases, program managers also require a complete breakdown of the hours or man-months devoted to the contract by each employee. Details of time spent by hourly-paid employees are usually available in the accounting system. The man-month data for salaried employees, however, are not normally recorded in the financial ledgers but are more often available in the division or department where the contract is performed and where the periodic technical progress reports are prepared. (Attachment H of Circular A-110 sets forth procedures for these reports.)

   Manpower data might therefore more properly be included as a part of these progress reports, which are the major source of information used for monitoring the contractor's performance. This would avoid the necessity of shuttling partially completed report forms back and forth between two divisions of the institution that may be some distance apart.

4. The frequency with which financial reports must be submitted varies widely. Some programs specify only a final report while others may require them as often as monthly. Excessive frequency is particularly burdensome when considerable detail is demanded, less so when only basic figures are required.

In a 1976 survey conducted by NACUBO, nearly 75 percent of the respondents (39 out of 53) considered financial reporting problems to be among the most burdensome in the grant and contract field. A large western institution estimated that 9,200 staff hours were spent on the preparation of 909 fiscal reports during fiscal year 1976. A smaller southern university provided a figure of 4,836 hours, and a midwestern institution, whose program is relatively small, reported 5,474 hours. Another western university estimated a saving of at least 1,500 hours if the forms were designed to permit use of a computer in their preparation. A large private eastern university stated that "at least 20 man years is expended each year at ___ in preparing fiscal reports." This institution agreed that computer use would result in large economies but stated that the actual saving would depend upon the degree of difficulty and detail involved in any standard form.

The differences in individual forms aggravate the problem. One large northeastern university stated "that the types of expenditures incurred under agency awards really do not vary much at all, yet we must adapt the data from our accounting records to these various formats."

Fiscal reporting burdens have also been recognized by Government personnel. The Department of Health, Education, and Welfare, for example, established in the early autumn of 1976 a task force to study the problem and devise standard forms and instructions for fiscal reports on contracts. The task force proposals are designed to eliminate unnecessary forms and to permit the use of the same forms for both fiscal management and program monitoring. The latter proposal arises from the task force's finding that the data required for these two purposes was largely repetitive, consisting primarily of a summary of expenditures, current and cumulative, made by the contractor.

Financial reporting requirements are in many cases excessive in detail and in frequency. A considerable paperwork saving could be realized if:

- the same form were used for program monitoring and for fiscal control, since essentially the same data is used for both purposes;
- the amount of detail and the frequency of reports were limited to what is needed and used;
- fiscal reporting forms were standardized so that requirements were compatible and susceptible to computer technology; and
- manpower data were excluded from financial reports and incorporated, where needed, as part of the technical program progress reports described in Attachment H to Circular A-110.

In considering the application of Circular A-110 to contracts, one fact must be observed. Contracts are generally subject either to the Federal Procurement Regulations or the Armed Services Procurement Regulation. Several of the Attachments to Circular A-110

deal with topics not treated in these procurement regulations. Where the same topics are addressed by both, there may be some conflicts which would require modifications in Circular A-110 so that compliance with the procurement regulations can be assured. Basically, however, the Circular can be applied readily, in large measure, to the majority of contracts for research, training, demonstration, and public service that are generally performed in colleges, universities, hospitals, and other nonprofit institutions. Such application would not in any way blur the distinction between contracts and grants. The identity of each of these instruments can and should be preserved.

Recommendation No. 7
The Commission on Federal Paperwork endorses the action of OMB in establishing, by means of Circular No. A-110, a set of standard administrative requirements that will substantially reduce the burdens on the nonprofit organizations to which the Circular applies.

Recommendation No. 8
The Director of the Office of Management and Budget is urged to extend application of Circular A-110, as earlier contemplated, to contracts performed by the nonprofit sector, wherever such action is appropriate. Revisions to the Circular, or alternative standards, should be provided where necessary to conform to the major procurement regulations.

Protection of Human Subjects

The use of human subjects in biomedical and behavioral research has been the focus of considerable concern in recent years. The great bulk of this research is performed under the aegis of HEW, and that Department has developed a set of comprehensive regulations designed to provide protection of human subjects. Other agencies that sponsor such research have also proposed regulations, constraints, and injunctions on those who perform the research. Some of these are inconsistent with and sometimes in direct conflict with the HEW regulations. As a result, organizations performing research involving human subjects face reporting and recordkeeping requirements that are confusing, duplicative, incompatible, and thus unnecessarily burdensome.

Testimony at a Commission hearing in Nashville, Tennessee, on January 8, 1976, by Lewis Lavine, Assistant to the Vice Chancellor of Medical Affairs at Vanderbilt University, described the magnitude of the problem. A clinical investigations committee there which oversees such research has 20 highly trained members, meets for two hours twice a month, and requires 6,000 pieces of paper to complete its assigned agenda.

HEW. The Public Health Service (PHS), a component of HEW, has for some time been concerned with the protection of human subjects in clinical investigations and other projects carried on under its grants and contracts. The first formal Government regulation covering extramural programs was issued in 1966. It was preceded by a long history of study, debate, and consideration, which is

documented in a monograph by Dr. Mark S. Frankel.[8] The formal regulation, Policy and Procedure Order 129, was issued by the PHS on February 8, 1966, and copies were sent to all grantees and contractors by the National Institutes of Health (NIH) and other PHS units.

This Order required grantees to review all applications for clinical research and investigation, to take steps for consent by and protection of human subjects, and to provide assurance in the grant application of compliance with PHS policy. It was modified on July 1, 1966, when the requirement for separate assurances for each grant application was replaced by one for an institution-wide general assurance that would cover all subsequent applications from that institution.

In 1971, HEW adopted a similar policy as a Department-wide statement, incorporated as Chapter 1-40 of the *HEW Grants Administration Manual*. The policy, no longer limited to the health field, applied to all HEW-sponsored programs. It also firmly established NIH as the cognizant agency within HEW to which the assurances and reports required by the policy were to be directed. Both of these policies have remained in effect.

The HEW rules were subsequently strengthened and codified as Part 46 of Title 45 of the Code of Federal Regulations (45 CFR 46). Notice of proposed rulemaking appeared in the *Federal Register* October 9, 1973. Final rules were published May 30, 1974, (reprinted with some technical amendments March 13, 1975), comments in the interim having been received from more than 200 sources.

ERDA. Proposed rules for the protection of human subjects were published by the Energy Research and Development Administration (ERDA) in the *Federal Register* on August 17, 1976. The preamble to the proposed rules stated that they were "substantially the same as those adopted by the Department of Health, Education, and Welfare." There were sufficient differences, however, to stimulate considerable comment, and the agency, in announcing its final rules (10 CFR 745) in the *Federal Register* for November 30, 1976, included the following statement:

> *Although ERDA intended to substantially duplicate the policies and procedures adopted by HEW (40 FR 11854, March 13, 1975), comments received in response to the proposed regulations identified differences that needed to be resolved between the two sets of regulations.*

[8]Mark Frankel, *Public Health Service Guidelines Governing Research Involving Human Subjects: An Analysis of the Policy-Making Process*, Program of Policy Studies in Science and Technology, Monograph No. 10, George Washington University (Washington, D.C.: 1972).

Some of these differences are described below:

- *Institutional Review Boards.* The proposed ERDA regulations stated that no Board shall consist *of a majority of persons* who are officers, employees, or agents of, or are otherwise associated with the institution, apart from their membership on the Board (emphasis added). This language differed from HEW's, which stated that such officers, employees, or agents may not constitute an *entire* Board. ERDA's final rule (745.6(b) (4)) was identical to that of HEW, acceding to comments. These comments pointed out, among other compelling arguments, the difficulty of finding persons outside the institution, particularly those not located in metropolitan areas, with sufficient experience and expertise to fulfill the qualifications established for Board members.

- *Action on Proposals.* The original ERDA proposal required that each application involving human subjects at risk must be reviewed and approved prior to its submission to ERDA. While the Administrator of ERDA was authorized to provide otherwise, no indication was given of any plan to establish, as HEW did, a grace period as agency practice.

  The final ERDA rule specified (745.11(a)) the acceptability of a written assurance that a review is planned or in progress and that its results will be forwarded within 60 days. This change was in response to comments pointing out the many cases of short lead time arising, as one commentator stated, because of agency delay in announcing the deadline, because of the limited period often permitted for response to Requests for Proposals, because of overload, or unfortunate timing of the investigator's responsibilities, because of the development of new data, and similar valid conditions.

- *Records.* HEW regulations provide that copies of all documents used in Institutional Review Board reviews are to be retained by the institution subject to the terms and conditions of the awards. Under HEW practice, the period of retention is normally three years and virtually never more than five years. The original ERDA regulation departed from that of HEW by requiring that copies of all documents used in reviews

  > *are to be retained by the institution permanently unless permission is obtained from the Administrator to destroy specific records. Upon termination of the life of the institution, the foregoing documents will be transferred to ERDA for further retention.*

  The final ERDA language (745.19(a)) omitted the last sentence in the cited passage, in response to comments related to the institutions' obligation to protect the privacy of subjects. This obligation could well be violated by an

agreement to transfer such records to a Government agency subject to the Freedom of Information Act.

ERDA did not, however, revise its requirement for *permanent* retention, and this remains as a distinct departure from the HEW rules. The ERDA rulemakers appeared unmoved by comments that Review Board approval is, in some cases (for example, in sensitive matters such as drug abuse), specifically conditioned on the investigator's agreement to destroy materials which reveal the subject's identity as soon as the data are aggregated and the study completed; by comments that the requirement would involve storage of thousands of consent forms and other documentation into perpetuity, unless permission is obtained to destroy *specific* records, which would appear to require lists of prodigious length; or by the wry comment from the Chairman of Harvard University's Institutional Review Board: "Think of the accumulation of records we would have here at Harvard had this regulation been in effect in 1636."

CPSC. The Consumer Product Safety Commission (CPSC) published in the *Federal Register* of September 2, 1976, its proposed rules on the protection of human subjects. Its language closely followed that of the HEW rules but differed from it in some significant respects.

One major difference concerned the written assurances required of recipients or prospective recipients of grants or contracts, stating that they will comply with the agency's regulations on human subjects and describing the manner of their compliance. A *general* assurance describes the procedures applicable to all activities supported by the agency. A *special* assurance applies to a single activity or project. Under HEW rules (46.5), a special assurance "will not be solicited or accepted from an institution which has on file with DHEW an approved general assurance." For this reason, HEW's requirements (46.4) for general and special assurances include several elements in common.

The CPSC rules permit an organization to submit a copy of its HEW general assurance, with no need for a separate one for CPSC. The CPSC also states, however: "A special assurance will be required from an organization although it has an approved general assurance on file." This departure from HEW procedure, while retaining HEW's descriptions of the two types of assurance, means that each proposal to CPSC must be accompanied by a considerable body of detail that is already in that Commission's hands.

The CPSC rules have other variations from HEW language, some substantive and others merely matters of paraphrase. Even the latter are sufficient to have elicited questions, and they require that each institution concerned must carefully study several pages of regulatory phraseology and compare them with its procedures. Final CPSC rules had not been published at press time.

ONR. A clause entitled "Use of Human Volunteers as Subjects" was developed by the Office of Naval Research (ONR) in 1974. This clause, among other things, directed contractors to adhere to the HEW regulations as set forth in 45 CFR 46. It further stated that, in the event of ambiguity or inconsistency, the ONR provisions would govern. The major conflicts between the ONR and HEW rules concern the legal capacity of the subject to give consent and the acceptability of consent given by another person on behalf of a subject. There is some reason to believe that the ONR language was derived, at least in part, from a previous regulation applying to uniformed personnel who were patients in naval or military hospitals. The problems have not yet been resolved. The clause, however, is not incorporated into all contracts as originally intended, but is confined to those that involve hazardous situations for human subjects.

National Commission. The National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research was established by Section 201 of the National Research Act, Public Law 93-348, July 12, 1974. The National Commission's functions are associated primarily with HEW, but Section 202(a) (3) of the act instructs it to conduct an investigation and study to determine the need for a mechanism to assure protection of human subjects in programs not subject to HEW regulations — that is, sponsored by other agencies. The statute says further: "If the Commission determines that such a mechanism is needed, it shall develop and recommend to the Congress such a mechanism." The National Commission is scheduled to go out of existence December 31, 1977, but there is some indication that it may be made a permanent body.

Findings. The protection of human subjects is a topic in which there has been a clear and proper preemption of the field by a lead agency: NIH acting on behalf of HEW. If other agencies are permitted to deviate from or even to paraphrase the NIH/HEW regulations, the result will be unnecessary duplication of reporting, recordkeeping, and other activities on the part of the Government as well as the organization involved. Some agencies, including the National Science Foundation and the Department of Agriculture, have accepted the NIH/HEW regulations by reference, without finding it necessary to paraphrase, interpret, or expatiate. Others, even while recognizing HEW's precedence, phrase their regulations so as to require conformity to their own policies. This creates conflict if future changes in their policies and in HEW's are not identical and simultaneous. In addition, it requires multiple submission of general assurances, which are frequently intricate and lengthy documents and which must be updated periodically.

The Interagency Task Force on Higher Education Reporting Burden, whose report was issued December 14, 1976, included representation from the Commission on Federal Paperwork and 14 other executive branch agencies. Its report (see Appendix B) specifically cited human subjects protection as an area in which a single agency should be identified for managing the Federal

interest in order to minimize the reporting and recordkeeping burden.

Recommendation No. 9
Cognizance for regulations in the specific area of the protection of human subjects should be assigned to the Department of Health, Education, and Welfare, acting with the advice and consent of an appropriate interagency committee.

No agency other than HEW should be permitted to paraphrase, interpret or particularize these regulations. Enforcement responsibilities may, if desired, be assigned to other agencies, particularly if the organization involved has no grant or contract with HEW in which human subjects are used. However, in the regulations for a controversial subject of this nature there should be a mechanism for the Federal Government to speak with one voice.

Single Agency Cognizance

There has been a steady increase in the number of areas in which, as in the case of human subject protection, the Federal Government interacts with individuals and organizations of all types. Each individual and organization is likely to deal with a growing number of Federal agencies, each with its own regulations, constraints, and injunctions. In the absence of interagency coordination, these regulations may very well be inconsistent with one another and in some cases even be in direct conflict.

The cognizant agency concept has been used for many years as a means of coordinating Federal requirements in a given area. Such coordination is particularly needed when the area and the requirements are technical, complicated, or not readily comprehensible. Examples include the Internal Revenue Service, the Patent Office, the Copyright Office, and the Cost Accounting Standards Board. Another instance is the cognizance over Federal statistical activities which has been assigned to the Statistical Policy Division of OMB. These agencies have been assigned complete responsibility, within the limits imposed by statute, for the development of all regulations in their fields. In other words, they are the cognizant agencies in their areas.

A less effective arrangement is one in which a single agency acts as the lead agency, providing the major initiative. Under the lead agency concept, in contrast to that of the cognizant agency, separate regulations may be issued by agencies other than the lead agency, with a strong possibility of inconsistency, incompatibility, or conflict.

In some cases, cognizance may be assigned to two or more agencies, each being given a mutually exclusive area. In one instance, the equal employment opportunity requirements for Government contractors have been divided by sectors: cognizance for contract compliance in the education and other nonprofit sectors has been assigned to HEW, as pointed out in a later section. In another instance, the financial audit and negotia-

tion cognizance for each college and university was assigned to a single agency. This was accomplished through the Office of Management and Budget Circular A-88, first issued May 15, 1968. This Circular, subsequently but temporarily renamed FMC 73-6, assigned most of these institutions to HEW, although others are under the cognizance of the Departments of Defense or Interior or of the Energy Research and Development Administration. These assignments have meant that each institution needs to deal with only one agency, a development that has proven more efficient for the agencies as well as for the institutions.

Use of the cognizant agency principle was suggested in this section for the protection of human subjects, and it is recommended in a later section for equal opportunity reporting. A further example, the disposition of patent rights under federally-sponsored programs, is given below. In addition, one section of the Commission's health report deals with the cognizant agency concept as a long-term approach for the elimination of unnecessary paperwork. The principle, as a long range approach, has potential value in the resolution of future problems and, indeed, in the prevention of problems.

Patent Rights. The disposition of rights to patents made under Government-sponsored contracts and grants was the subject of a Memorandum and Statement of Government Patent Policy issued by the President October 10, 1963. Some revisions, based on the results of studies and of experience gained under the 1963 Statement, were incorporated into a revised Presidential Statement issued August 23, 1971.

The Federal Council for Science and Technology, recognizing that a substantial amount of research is funded by the Government at universities and nonprofit organizations, established a University Patent Policy Subcommittee to determine whether special patent procedures for that sector may be required in order to facilitate utilization of inventions. The Subcommittee, headed by Norman J. Latker, Chief of the Patent Branch in the office of the HEW General Counsel, concluded that there are valid reasons for special procedures and suggested specific measures.

The Subcommittee report[7] described four different approaches now being used by different agencies for the allocation of patent rights under research grants and contracts with universities and nonprofit institutions. One of these involves the use of an Institutional Patent Agreement (IPA) for those institutions that are found to have an established technology transfer program that is consistent with the stated objectives of the Presidential policy. This procedure, already successfully used by HEW and the National Science Foundation, is recommended by the Subcommittee for use by all agencies, within the constraints, of course, of their statutory authority.

[7]Federal Council for Science and Technology, *Report of the University Ad Hoc Subcommittee of the Executive Subcommittee of the Committee on Government Patent Policy*, Washington, D.C., 1975. (Unpublished.)

A second procedure, now used by the Department of Defense, is based upon a "special situation" interpretation under the Presidential Statement, which also permits determination of patent rights when the contract or grant is awarded. The other two procedures, used by all other major agencies, involve a case-by-case decision on each invention, which requires the preparation, review, and response of detailed data on each separate invention and entails a substantial amount of administrative work on the part of both the institutions and the Government.

A proposed revision to the Federal Procurement Regulations (FPR), implementing the Subcommittee's proposals, has been circulated for comment both within and outside the Government. If the revision is adopted, the Department of Defense has indicated a disposition to amend similarly the Armed Services Procurement Regulation (ASPR). Although both FPR and ASPR apply only to contracts, the proposed regulations have been written for application to grants as well, and the major agencies are understood to be prepared to include grants under the IPA procedure.

Adoption of this procedure on a Government-wide basis would, as the Subcommittee report states, eliminate to the extent possible the wide difference in treatment of a particular institution doing similar work for different agencies (page 18) and reduce the administrative burden on all the parties concerned (page 19). In this instance, the Subcommittee has acted as a cognizant agency in designing a consistent procedure for all agencies. The success of this procedure will require the maintenance of a list of the institutions and organizations that have demonstrated their technology transfer capability and thus their eligibility for an Institutional Patent Agreement. A single cognizant agency could readily maintain this list.

Findings. The cognizant agency principle has proven effective in coordinating Federal requirements in a given area, particularly when the requirements are intricate and difficult to understand. Cognizance may be assigned to a single agency or be divided into mutually exclusive spheres with different agencies having cognizance for each. When several agencies issue separate regulations with respect to the same subject, inconsistencies, conflicts, and burdensome duplications can arise. Even when a lead agency has published a carefully devised code, these incompatibilities may occur, some inadvertently and others by design.

Sole authority to promulgate regulations in the particular field must be assigned to the agency to which cognizance is given, although enforcement of these regulations may in some cases be assigned elsewhere. Even if an agency encounters an unforeseen problem that requires revision of the regulations, such revision must be made by the cognizant agency.

Attention has been given recently to the cognizant agency principle. For example, the Interagency Task Force on Higher Education Burden Reduction, to which the Commission staff contributed, proposed that the principle be applied where appro-

priate. This appears as Recommendation No. 16 of the Task Force Report. (See Appendix B.)

Although the cognizant agency principle should be considered for subject areas that are recognized today, its potential use for those that will arise in the future should not be overlooked.

Recommendation No. 10

The Commission on Federal Paperwork endorses the cognizant agency concept as a useful tool, particularly in cases that involve regulations that are technically intricate and require specialized experience for full comprehension and conformance. The Commission recommends to OMB that the assignment of a cognizant agency be considered in all cases of this nature where two or more agencies have overlapping jurisdictions that might result in duplicative or inconsistent regulations.

III.

Student Aid

During the 1960's, the number of public and private institutions of higher education increased by more than 500 and enrollment more than doubled, rising from 3.6 million in 1960 to 8 million in 1970. The same period saw a tremendous growth in both the number of student aid programs and the total amount of financial assistance available to students from local, State, and Federal government, and institutional and private sources. In the mid-1950's the total amount of financial assistance available to postsecondary students was estimated at $96 million. By the mid-1970's this amount had grown to nearly $6.1 billion.

The National Defense Education Act of 1958 introduced Federal financial aid through the National Defense Student Loans. The Higher Education Act of 1965 established equality of access to postsecondary education as a national priority and initiated a program of Federal grants to low-income students, a guaranteed student loan program, and Federal subsidies for part-time work. In the enactments that followed, Federal support for student aid steadily increased, reaching a peak with the Education Amendments of 1972.

This statute established a program of "Basic Educational Opportunity Grants" that was based on the assumption that all students are entitled to assistance to attend institutions of postsecondary education. The program was designed as the foundation or "floor" upon which, ultimately, all student aid would be based. Since its inception, the Basic Grants Program has grown rapidly in terms of dollars expended and the number of recipients. Appropriations were increased from $122.1 million in the first year (1973-1974) to $1.69 billion in the fourth year (1976-1977), while the number of recipients increased from 185,249 to an estimated 1,900,000. The Federal Government is now the major contributor of student financial aid, providing over 80 percent of the funds available for this purpose.

Equally significant is the increased Federal influence on policies and procedures affecting the entire financial aid system. For example, OE regulations issued in 1975 required, among other things, annual OE approval of every formula used by institutions for determining "reasonable" parental contributions to postsecondary education. Increased Federal involvement has also meant increased paperwork. The Government has not only made available funds for needy students but has also issued rules and regulations specifying to whom and how these funds can be awarded and requiring follow-up reports on how funds were expended.

The enormous growth in financial aid — in particular the increased Federal involvement — has brought with it a number of problems for students, their parents, and educational institutions. The rapid implementation of relatively massive Federal programs, together with the increasing tendency of the Federal Government to direct

the provision of student aid, has often resulted in duplicative and unrealistic data requests. The first two parts of this section analyze specific paperwork problems inherent in particular student aid programs and recommend solutions which could be implemented relatively quickly. These problems also provide insight into other more fundamental issues: the need for greater coordination of aid programs at the Federal level and, equally important, the need for greater coordination among all student aid programs — local, State and Federal, institutional and private. The final part of this section presents Commission findings and recommendations related to these more basic problems.

Guaranteed Student Loan Program

The single largest student aid program is the Guaranteed Student Loan Program (GSLP) created by Title IV, Part B of the Higher Education Act of 1965. During its first eight years of operation, it served 8.8 million students and lent $9.5 billion. The GSLP insures loans to students in two ways: through the 26 States that operate their own State Guarantee Agencies; and through a variety of private lenders in the remaining States and territories under the Federally Insured Student Loan (FISL) program.

In the first year of the FISL program, students completed only one application but, as information elements were added over the years, by the 1976 fiscal year applicants were required to complete three separate forms to secure one loan.

Student Application for Federally Insured Loan (OE Form 1154, 3/71) was the first form an applicant, school and lender completed. It was 21 inches long, in triplicate, with instructions for completing the form printed on the reverse side. Such a location for instructions was awkward, particularly if the applicant were using a typewriter and had to reinsert the form each time it was necessary to resort to the instructions.

Approximately two-thirds of the information requests on Form 1154 were directed to the student; the others were directed about equally to the school attended and to the lender. Instructions for the school and lender were on the reverse side also.

Student Loan Application Supplement (OE Form 1260, 1/73) was the second form required of students, schools and lenders. Form 1260 required seven information items each from students and schools to be repeated from Form 1154. Instructions were again on the reverse side of this triplicate form, but their location was so indicated on the face sheet.

Addendum to Lender's Report of Guaranteed Student Loan (OE Form 1070), Student Loan Application Supplement (OE Form 1260) was the third form, required of students only. It explained in an 11-inch page the information required by the Equal Credit Opportunity Act and the Privacy Act. At the bottom of the page the student could waive the requirement that OE keep an accounting of disclosures of information necessary to process and service the loan, including possible transfer and ultimate collection.

The National Association of Student Financial Aid Administrators (NASFAA) reported that these forms contained duplicative student identification data and, further, the existence of three separate applications increased the possibilities of having parts of the total application become separated from the other parts or lost.

Compounding the problem was the fact that State Guarantee Agency loans reinsured by GSLP also usually required three separate student application forms. Except for additional information required in some instances by State law, the information requested was the same as in the FISL program and frequently in the same format. States must meet the basic requirements of the Higher Education Act of 1965, but may enact additional requirements that are not contrary to Federal law.

As a result of suggestions from postsecondary education associations, the Office of Guaranteed Student Loans (OGSL) initiated steps to solve the multiple application problem in the FISL program. A mock-up was developed of a booklet containing a single application form and readily apparent instructions and information. The single application form combined the previous three, reducing data items by 21 for students and 14 for schools by omitting duplicative and unessential items.

The proposed new FISL form utilizes standard-sized paper to simplify handling by the student and file storage by the agencies. It contains some new information items from students to assist in curbing the growing default rates as well as information on changes in loan limits and eligibility enacted October 12, 1976, in the Education Amendments of 1976 (P.L. 94-482).

OGSL staff also consulted State Guarantee Agency staffs which comprise the National Council of Higher Education Loan Programs in an effort to achieve consolidation of their multiple student application forms.

Recommendation No. 11
The U.S. Commissioner of Education should give high priority to consolidating the three student application forms in the Federally Insured Student Loan application cycle for the 1977-78 school year.

Recommendation No. 12
Each of the 26 State Guarantee Agencies should consolidate its student application forms as soon as possible.

Recommendations Nos. 11 and 12 were adopted by the Commission December 3, 1976. The Commissioner of Education replied on January 14, 1977, that "completion of the application redesign project is expected to coincide with the beginning of the 1977-78 academic year, as per the Commission's recommendation." Replies from several State agencies indicate that some have completed consolidation of their application forms.

Campus-Based Programs
Unlike the Guaranteed Student Loan program and the Basic

Educational Opportunity Grant (BEOG) program, which provide funds directly to students, the three campus-based Federal programs provide funds *indirectly* to students through their institutions. Under these programs, funds are allocated to colleges and universities which then are free, within general constraints, to select the students to whom these Federal funds should be awarded.

Although the campus-based programs have not experienced as rapid a rate of growth as the GSLP or the BEOG, either in terms of the appropriations or recipients, they have been a source of serious paperwork problems for the more than 4,000 institutions which annually apply for support. Indeed the campus-based programs constitute a case history of "bad" paperwork, illustrating some of the unfortunate consequences for the Federal Government, as well as the higher education community, of excessive and unrealistic data requests.

The three campus-based programs are administered by OE's Division of Student Financial Assistance. One of these programs, the Supplemental Educational Opportunity Grants (SEOG), provides grants of from $200 to $1,500 a year to students of "exceptional" financial need who would be unable to continue their education without such a grant. The second program, College Work-Study (CWS), subsidizes the part-time employment of needy students, while the National Direct Student Loan (NDSL) program supports long-term, low interest loans. These three programs are generally regarded as supplementary to other forms of student assistance (e.g. Basic Educational Opportunity Grants), and financial aid officers "package" the various aid components in different ways, depending on available funds and student circumstances.

Federal funding is initially allotted to the States according to statutory formulas based essentially on enrollment. Funding levels for institutions within each State are recommended by regional review panels which base their decisions primarily on the institution's previous utilization of funds and the aggregate financial need of its students. An institution applies each fall for support of all three programs on a single consolidated form commonly referred to as the "Tripartite Application."

In the early years of the campus-based programs, this form was relatively simple, requiring only minimal data on enrollment and institutional needs. Starting in 1971, OE sought to collect additional information to build a national matrix showing the aggregate financial need of all students on each campus. The aim was to demonstrate total need to the Congress and to target funds to those institutions whose students had the greatest need. In the course of this project, the application was expanded drastically. However, despite the increased data requests, there were no major shifts in funding because the State allotment formulas were preserved. Although the targeting concept was dropped, the massive application has remained.

Institutional Burdens. Applicants report that the Tripartite Application is difficult and time-consuming to complete. According to a

survey conducted by NASFAA, the average institution spends four to six weeks gathering the data and preparing the application. Completion of the form frequently interferes with other professional responsibilities, for instance, reducing time available for student counseling.

The current application is 15 pages[1] and so complex that OE has found it necessary to issue a 17-page set of instructions to accompany the form. Applicants are required to supply three sets of figures — for the preceding, current and following academic years — for each of the following items:

- *Enrollment:* number of undergraduate and graduate students eligible to participate in any of the programs;
- *College Work-Study Request:* number of actual and estimated recipients according to location of employment (on campus/off campus), average award, gross compensation to students;
- *NDSL Request:* number of actual and estimated recipients, average loan, total loans advanced to students, litigation and collection costs on defaults, cash on hand, reimbursements for loans cancelled for creditable teaching and military service;
- *SEOG Request:* number of actual and estimated recipients, average grant, total funds expended and requested;
- *Institutional Need Analysis:* total number of students needing financial assistance and the figures used to support the analysis (e.g. estimates of family contribution, average cost, etc.);
- *Costs for Needy Students:* detailed breakdown of costs (tuition, board and room, etc.) for single and married students, for those living with parents and those living alone;
- *Family Resources:* breakdown of average and total family contributions for single and married students;
- *Other Resources:* detailed breakdown of other sources of aid (Basic Grants, Veterans' Benefits, institutional aid, etc.) according to number of students, dollar amounts, and size of average award.

In addition, the applicant institution must furnish a description of all key personnel (specifying their years of experience, functions, and percentage of time devoted to administration of student financial aid programs), a narrative describing the method of projec-

[1]Institutions which received funds for the past two years and whose current requests do not exceed 110 percent of previous allocation may submit a shortened version of the application. The use of the two forms (the so-called short and long forms) which are based on different criteria for review — the long form primarily on the aggregate financial need of students; the short on the institution's previous utilization of funds — has created problems for reviewers and contributed to inequities in the distribution of funds (see p.51 below). The short form and other aspects of the Tripartite Application are currently under review by OE.

tion, and summary of institutional aid expenditures over a three-year period.

Probably the most burdensome aspect of the application (aside from the sheer mass of data requested) is the frequent requirement that institutions make estimates from samples and weigh certain factors in order to arrive at reasonable projections of the detailed costs of education, student resources and financial need for both the current and following academic years. Officials of many institutions claim that some of the data are impossible to obtain.

For example, while fairly reasonable estimates for the following year can be provided on the amount of aid available from the institution's own resources, it is impossible to know the number of students who will be eligible for Basic Grants or the amount of such awards. The Basic Grants are subject to annual appropriations which in the past have been either underutilized or have required supplemental enactments. The rate of participation by students varies annually. Further, the awards are not determined by the institution. Similarly, estimates on the availability of loans and off-campus employment can only be made by guessing at future conditions in the local loan and labor markets.

Agency Burdens. OE regional offices report that the application requires an inordinate expenditure of their own staff time and costly, complex panel review procedures. In 1975, for example, Region V (the largest region) received 740 applications each containing 15 pages and 1,362 data cells. Following established procedures, the staff must check and edit each application for completeness, conformity with guidelines, and the accuracy of mathematical calculations. (One error can throw off the entire request.) Thus, 1,007,880 data items had to be edited in Region V alone.

Estimates of regional staff time expended in the entire application process (which includes workshops for applicants, editing of applications, panels and postpanel appeals boards) range from approximately 20 percent in smaller regions such as Region I (Boston) to 40 or even 50 percent in Region V (Chicago). The inordinate expenditure of staff time has become a source of increasing concern because staff are diverted from other critical tasks, such as monitoring programs, to handle the paperwork.

The mass of data and the number of items also make the panel members' task of reviewing applications extremely difficult. In 1975, OE found it necessary to issue a 50-page set of guidelines to assist panelists — another indication of the unmanageable nature of the form. The process is further complicated by the fact that panelists must often recalculate data items if they exceed the "yardsticks" set by the panel. (The widely-differing estimates submitted by applicants often force panels to impose yardsticks for costs such as board and room as a basis for judging the reasonableness of applications. The yardsticks are based on comparisons of entries from similar institutions within the region.) Given the mass of data and the need for recalculations, some panels indicate that they seldom have more than 30-45 minutes to review and

evaluate each application. Panel sessions could perhaps be extended but, in the opinion of many reviewers, the problem lies more with the volume and complexity of the data to be considered than the duration of panel reviews which are already considerable and, in most regions, last a week, or two.

Questionable Benefits. The burdens on applicants and regional staff might be justified if the application achieved reasonable results. However, there is considerable evidence that it does not. It is widely acknowledged by Government officials and members of the financial aid community that the current form encourages the inflation of applications; that is, it encourages institutions to submit requests which do not reflect the actual financial need of their students. This problem was highlighted in a General Accounting Office (GAO) report issued in 1974:

> *The process through which educational institutions are allocated funds under CWS, NDSL and SEOGs does not ensure an equitable distribution of appropriated funds. Some educational institutions submit applications which do not reflect accurate estimates of student need of anticipated applicants. Regional panels convened by OE to review applications and recommend amounts to be allotted to the schools do not always identify and make appropriate adjustments to these applications.*

A 1976 NASFAA study disclosed that 68 percent of the panelists who participated in a survey believed that "many to most applications were inflated."

Knowledgeable Government officials trace the problem of inflated requests to the changes that were made in the Tripartite Application in 1971. Initially, institutions had been asked how much they had spent on programs and how much would be needed the following year, based on anticipated changes in enrollment. The results, according to OE officials, were fairly realistic estimates of institutional need. The new application, however, required institutions to supply estimates on *all* students by income category. The problem was that most colleges and universities had not systematically been collecting this information and were not prepared to respond.

As a result, even well-meaning institutions built in projections that showed more financial need than they actually had. This initial unrealistic data request triggered an unfortunate cycle which continues to plague OE: panels now almost routinely reduce applications, on the assumption that most are inflated, while many colleges and universities continue to inflate their requests, knowing from previous experience that their allocation will be only a small percentage of what had been requested. This is not an attempt by the institutions to defraud the Government; rather, as the GAO report stated, colloges and universities are forced to "play the game" to meet the real needs of their students.

The current form contributes to the inflation of applications by forcing institutions to speculate on the future and by accepting unauditable data. This point was the principal finding in a 1976 study of the Tripartite Application undertaken by Region V officials:

The application assumes that the answers are statistically sound, but in fact there is no way that much of the data can be audited . . . Decisions on funding are made on projected figures and these projections cannot be validated until the following year . . .

Compounding the problem is the fact that figures in the application are not even compared with available historical data to determine if the estimates are reasonable. Each institution, for instance, must submit annually a Fiscal Operations Report which requires, among other things, data on actual funds expended and the number of student applicants who were *not* aided because of insufficient funds. Although these reports could be a valuable resource for the panels, the GAO study found that only three of the seven panels surveyed used the reports in their reviews.

Further, staff review indicates that much of the application data is not used in arriving at final award decisions — in spite of the inordinate time and expense spent gathering, editing and massaging the data. After the panels have met, their recommendations and the full applications are sent to Washington where data is entered into a computer for statistical analysis and generation of award letters. The Director of the Student Financial Aid Division informed the Commission that, in 1975, less than a dozen data items were pulled from the applications for storage in the computer bank.

Findings. Without exception, OE officials, panelists and financial aid officers who were contacted by the Commission agreed that the current application is highly undesirable for one or more of the reasons discussed above. In response to complaints from the financial aid community and regional offices, OE has organized several task forces to review the application and devise ways of simplifying procedures. Possibilities under consideration include changing the current panel allocation system to a formula approach based either on enrollment or previous utilization of funds.

It appears that OE has been moving in a direction that would place greater reliance on data that is readily available and verifiable, while minimizing the number of detailed and often unreasonable estimates currently required. This is a direction that the Commission believes should be pursued vigorously in the interest of both the efficiency and effectiveness of data collection. The approach seeks to address the major problem with the current system: the inability of institutions to estimate accurately and of the agency to validate promptly such a mass of data.

Another possibility that should be fully explored is consolidation of the application and the Fiscal Operations Report into a shortened and redesigned form. This would eliminate duplicative data items while making critical historical data available to the panels.

Recommendation No. 13

The Office of Education should: give a high priority to shortening and simplifying the Tripartite Application;

Recommendation No. 14

Consider approaches that place greater reliance on data that is readily available and verifiable, while minimizing the number of detailed estimates;

Recommendation No. 15
Consider, as a first step, the elimination of those data items that may be impossible for institutions to obtain: projections on Basic Grants, State Scholarships and Grants, Veterans Benefits, other loans, other employment and other sources of aid;

Recommendation No. 16
Explore the possibility of merging the application and Fiscal Operations Report into a redesigned form; and

Recommendation No. 17
Continue to work closely with representatives of the National Association of Student Financial Aid Administrators in all phases of the planning and development of a new and improved application.

These recommendations were adopted by the Commission on February 25, 1977. In response, the Office of Education replied to the Commission on March 25, 1977, that its Division of Student Financial Aid had:

- Initiated proposed rule changes within the regulatory structure of each program, which will be subject to broad public comment. These modified regulations will, when published this year, govern a vastly foreshortened and simplified form to be used in the fall.
- Proposed that, except for institutions which are first-time applicants, this application will secure verifiable data — a most important change.
- Recommended that, in light of organizational changes in the student aid programs and the potential for continued consolidation and streamlining of reporting requirements during FY 1978, they will not attempt modification of the fiscal report for these programs, to be used in recording current year expenditures. However, there are plans to simplify and streamline this document for the 1978 reporting year.
- Engaged in widespread consultation with student aid administrators, national leadership in the higher education community and others concerning this important easing of the paperwork burden.

More detailed information was promised "on the end product when it is available this summer."

Toward a Single Application

The specific paperwork problems inherent in the Guaranteed Student Loan and campus-based programs illustrate another more fundamental problem: the lack of close coordination among Federal student aid programs, in particular between the BEOG and the other aid programs administered by the Office of Education. The BEOG program has brought massive amounts of financial aid to students, but, to cite one example, the current application and allocation system for the campus-based programs does not yet reflect the full effects of the BEOG program, which is now the foundation of all student financial aid.

The Tripartite system was not designed to accommodate a new and massive source of funds. The "short form" of the Tripartite Application, discussed above, was based on the assumption that

institutional need had already been established through previously submitted "long forms" and that an institution submitting the "short" form was seeking only to continue its aid programs at the current rate with a certain increase attributable to inflation. This assumption does not take into account the fact that the "long forms," in many instances, were submitted prior to the emergence of the BEOG program, and their information on other resources is obsolete.

In recognition of this and other problems resulting from overlapping programs, OE student aid programs were recently reorganized into a single Bureau of Student Financial Assistance. Previously, administration of OE's seven student grant and loan programs was divided between two offices: the Office of Guaranteed Student Loans which oversaw that massive program, and the Bureau of Postsecondary Education which administered the other six student assistance programs (BEOG, CWS, NDSL, SEOG, State Student Incentive grants, and cooperative education awards). The two offices had different policies and procedures and little continuing contact or cooperation.

Although the paperwork implications of this reorganization are not yet clear, the action appears to be a necessary preliminary step for improved coordination and management of these programs. It offers, for instance, the opportunity for greater sharing of information among the programs and possibly the development of a coordinated and computerized data management information system for all OE student aid programs in place of the separate systems for each program currently in operation.

Consolidation of OE student aid programs in a single office, then, has potential for reducing paperwork and streamlining the student aid system at the Federal level. This, however, is only one, albeit a very important, aspect of the paperwork problem as it relates to the delivery of student financial aid.

Any serious study of paperwork problems inherent in student aid programs must recognize the interconnected nature of the Federal student aid programs with those from local, State, institutional, and private sources. Federal student assistance represents only a part of the entire constellation of aid programs which have different purposes, policies, schedules, and procedures. The impact of so many diverse programs and procedures on the student is the subject of these pages.

One of the fundamental problems is simply the number of applications and needs analysis forms that students and parents must complete to demonstrate their eligibility for assistance. A student may file a separate financial aid application with each college or university to which admission is sought, another to a State agency for State scholarship, and possibly a third for a Federal Basic Educational Opportunity Grant. In addition, the student may submit an application for a Federally Insured Student Loan as well as separate applications for scholarships or grants from private sources. To complete these forms, students and their parents must assemble information from income tax forms and other records and manipulate the data in different ways to respond to slightly different questions on the various forms.

Multiple methods or systems for determining financial need compound the problem. There are three major national systems for needs analysis — those of the American College Testing Program (ACT) and the College Scholarship Service (CSS), which provide to colleges and universities determinations of parental ability to pay postsecondary education costs, and the BEOG Analysis, which has its own eligibility determination procedures.

In addition, an institution may use the income tax method while some State agencies utilize other needs analysis systems. Prior to the work of the Keppel Task Force, which is discussed below, a family could provide identical financial information to the two major services (ACT and CSS), yet the estimates of the family's ability to pay for educational costs provided by the two services might vary by as much as $1,000 due to differences in their respective procedures and formulas.

The application process is further complicated by the lack of standard definitions for some of the data requested and by different deadlines for the distribution and processing of applications among private, State and Federal systems. As the testimony of educational associations and student groups has amply demonstrated, these factors have made the application process highly burdensome and confusing to students and their parents. Of even greater concern to some is the distinct possibility that students might be missing opportunities to secure necessary financial assistance because of the multiplicity of forms.

Keppel Task Force. In 1974, 26 education organizations and institutions formed the National Task Force on Student Aid Problems to seek ways of simplifying and improving the system. The group is commonly known as the Keppel Task Force in honor of its director, a former U.S. Commissioner of Education. Its final report, issued in 1975, contained major recommendations pertinent to the analysis of student financial need, the collection of data from students, and the coordination and management of aid programs.

To eliminate confusion resulting from the different needs analysis systems, the Task Force developed, in cooperation with several recognized economists, a "uniform methodology" for determining parental ability to contribute to educational costs. This methodology represented a compromise between the existing systems. It was subsequently adopted by ACT and CSS and is now used for the analysis of all financial statements submitted to them.

The second major contribution of the Task Force was development of a common form to collect data necessary for needs analysis, including all information necessary to "drive" the "uniform methodology." Recognizing that immediate adoption of the common form by all parties would be extremely difficult, the Task Force recommended a developmental process for its implementation. This called for initial adoption of common data items and definitions by Federal, State, and private student aid programs as well as the major services, followed by field testing of the common form and, finally, adoption of this form by all parties for use in the academic year 1976-77.

In view of the special needs of the BEOG program, the Task Force further recommended that this program continue to have a

separate processing function, but "students who so requested could have a copy of the data (on the common form) submitted to ACT and CSS or another agency transmitted to the BEOG (contractor) for processing in lieu of a separate application."

Until quite recently, these recommendations had met with only partial success. Statewide field tests of the common form were conducted in Kentucky and Wisconsin in 1975-76. Based on these experiences, modifications were made, and CSS and ACT agreed to adopt the common form for their State aid programs.

Later Developments. Central to the success of the Keppel Task Force was adoption of the "uniform methodology" and common form by the Basic Educational Opportunity Grants program, which was established by Congress as the foundation upon which all other forms of financial aid would be based. Because nearly all students file a separate BEOG application in addition to other financial aid forms, significant improvement in the student aid delivery system could be achieved only with the participation of the Basic Grants program.

For a variety of reasons, however, OE had been unwilling to adopt the Task Force recommendations. Following discussions over the past two years between BEOG program staff and the Coalition for Coordination of Student Financial Aid,[2] a compromise settlement was reached in January 1977 which goes far toward simplification of the student aid delivery system.

The agreement between BEOG staff and the Coalition calls for a new alternative delivery system for the BEOG which will enable students to file one financial aid form and receive consideration for all financial aid programs. This will be accomplished through a tape exchange of selected data elements between BEOG and State and private agencies collecting data for needs analysis (see Figure 3).

As the first step, the Coalition and OE will agree on common data element definitions and instructions which will be used to "drive" the BEOGs and the "uniform methodology."[3] Beginning in January 1978, students who file forms with an approved national processor (e.g., ACT, CSS, or a State agency) will have their BEOGs processed at the same time without having to file a separate application. Eligible processors will provide carefully edited computer tapes to the central BEOG contractor which will, in turn, check its files against duplication and send "Student Eligibility Reports" to students. Other than the tape exchange, all other aspects of the BEOG application process will remain the same.

Although the proposed system will represent a significant improvement over existing procedures, a number of complex

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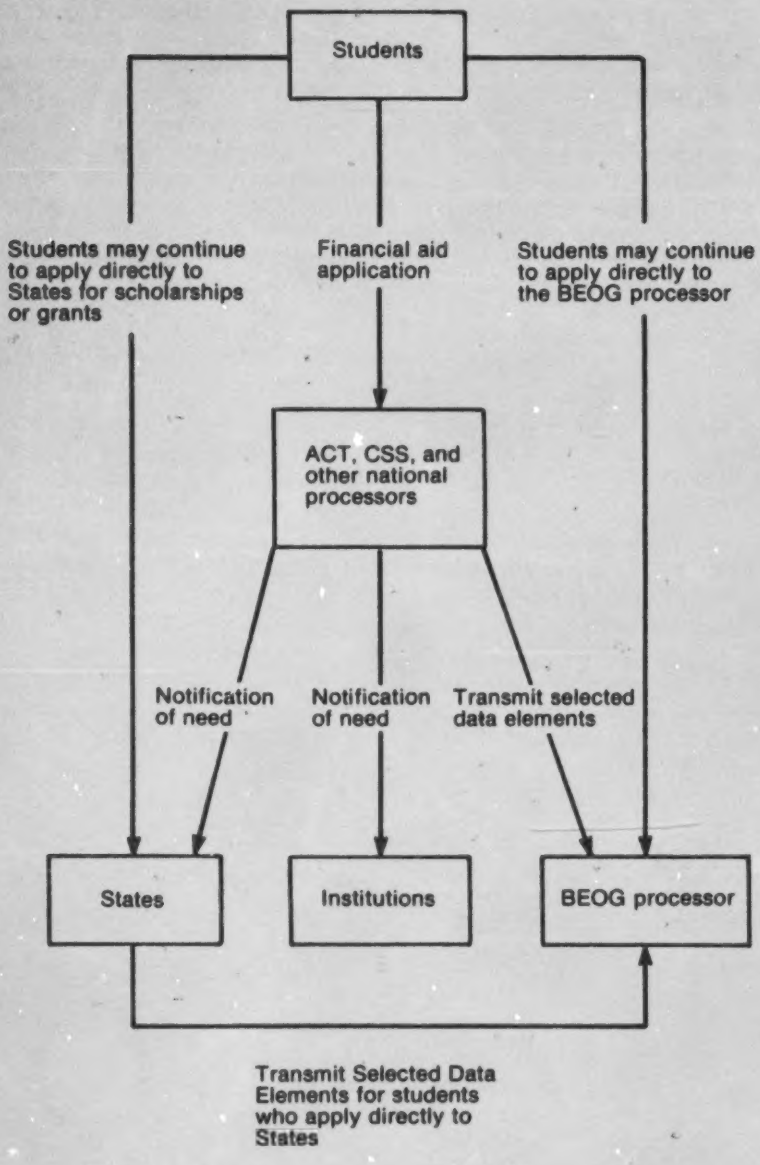
[2] A voluntary group from the higher education community organized to follow up on the Keppel Task Force recommendations.

[3] The Basic Grants Analysis and the Uniform Methodology will still produce different estimates of a family's ability to pay for educational costs. Both OE and the Coalition agreed that this was appropriate given the different purposes of the two systems: to determine program eligibility in the case of the BEOGs, and to estimate total financial need in the case of programs using the Uniform Methodology.

Figure 3
Possible Elements of a Tape Exchange System


Students
Students may continue to apply directly to States for scholarships or grants
Financial aid application
Students may continue to apply directly to the BEOG processor
ACT, CSS, and other national processors
Notification of need
Notification of need
Transmit selected data elements
States
Institutions
BEOG processor
Transmit Selected Data Elements for students who apply directly to States

Source: HEW Student Financial Assistance Study Group, Draft Report, "A Tape Exchange Program" (1976), p. 4.

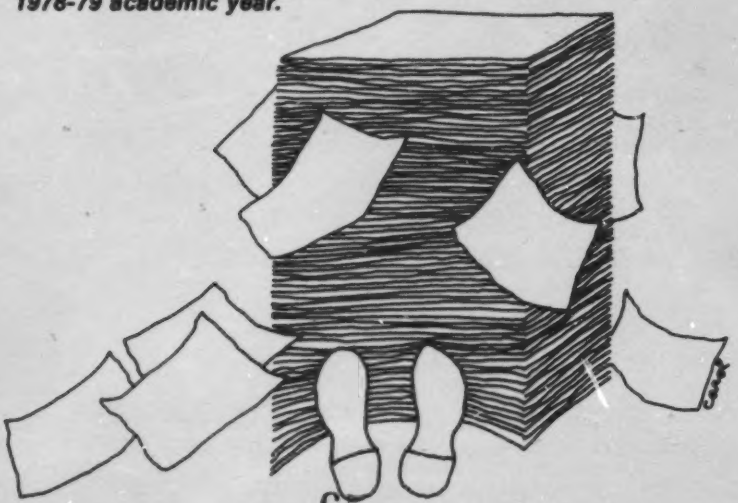
administrative and technical problems must still be resolved. For instance, the agreement is premised on the adoption of a common calendar date (January 1) for distribution of all financial aid applications. This would allow the use of actual, not estimated, income tax information on applications, as required by the Basic Grants Program. Knowledgeable officials agree that this and other administrative problems resulting from the agreement can indeed be solved. In the process, they anticipate further improvement and refinements in the system.

Once implemented, the new system will allow a student to complete one application form and receive consideration for all Federal aid programs except the Guaranteed Student Loan, most State programs, and all institutional aid programs. A conservative estimate from the National Association of Student Financial Aid Administrators is that the new system could initially reduce the number of applications by 3-4 million a year. Potentially, it could save as many as 10 million applications once the system is fully implemented by all parties.

Recommendation No. 18
The Commission on Federal Paperwork endorses the concept of a single financial aid application for all Federal, State, institutional, and private forms of student financial aid.

Recommendation No. 19
The Commission on Federal Paperwork commends the U.S. Office of Education and the Coalition for Coordination of Student Financial Aid for their efforts to simplify and improve the financial aid delivery system.

Recommendation No. 20
The Commission on Federal Paperwork urges the Office of Education and the Coalition to give a high priority to development of the Tape Exchange Program to ensure its implementation for the 1978-79 academic year.



IV.

Nondiscrimination Requirements

The Civil Rights Act of 1964 required desegregation of public education (Title IV) and forbade discrimination on the basis of race, color or national origin in programs receiving Federal financial assistance (Title VI). Thus, ten years after the *Brown* v. *Board of Education of Topeka* decision,[1] nondiscrimination in education was mandated by statute. Since then, comparable statutes have extended this protection from discrimination to other groups: women, the aged, the handicapped, and veterans.

As seen by educational institutions today, nondiscrimination programs are based both on the principles of equal educational opportunity for all and on affirmative action to overcome past discriminatory practices. These concepts, however, are not always compatible and have recently been much debated. The educational community refers to this dilemma as the "DeFunis Syndrome" and, in simplest terms, the issue is how affirmative action programs can implemented for minorities and women without discriminating against non-minority men. Specifically, the question is whether special admissions or financial aid programs for minority students offend the rights of other equally or better qualified students who are denied these benefits because they are not identified with a minority. Judicial decisions are inconsistent,[2] and until the issue is resolved, the meaning and administration of antidiscrimination programs will remain subject to question.

Cognizant Agency

Responsibility for enforcement of equal opportunity and affirmative action programs rest with many Government agencies. As a result, reporting and recordkeeping requirements are different; compliance reviews are duplicative; and the necessity to reply to multiple forums places a tremendous burden on respondents in terms of money, time, and paperwork. These burdens weigh heavily on the educational community, particularly the Nation's colleges and universities. Their admissions policies and employment practices are subject to review, and they are also recipients of Federal grants and contracts.

The legislation, executive orders, regulations, and judicial decisions of the past 15 years have combined to create a veritable maze of equal opportunity requirements administered by different Federal agencies with differing criteria. The following are the sig-

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[1] 347 U.S. 483, 74 S. Ct. 686, 98 L Ed. 873 (1954).

[2] In *DeFunis* v. *Odegaard*, 82 Wn 2d 11, 507 P. 2d 1169 (1973), the Washington Supreme Court upheld the concept, while in *Bakke* v. *Board of Regents, University of California*, 18 Cal 3d 34 (1976), the California Supreme Court found that such special programs offend the Equal Protection Clause of the Fourteenth Amendment. This case is to be considered by the Supreme Court in its 1977 term.

nificant laws, regulations, and executive orders affecting the education community:

- *Title IV of the Civil Rights Act of 1964* provides for the desegregation of public education, but not the assignment of students to public schools to overcome racial imbalance. No regulations have been issued; instead, Title IV has been the subject of considerable judicial review.
- *Title VI of the Civil Rights Act of 1964* prohibits discrimination on the basis of race, color, or national origin in programs receiving Federal financial assistance. Because Federal financial assistance has been interpreted to include grants, loans and even student aid, virtually every college — public or independent — is subject to Title VI. Enforcement is the responsibility of those agencies providing financial assistance; however, most reporting by educational institutions is to HEW's Office for Civil Rights (OCR).
- *Title VII of the Civil Rights Act of 1964*, as amended by the *Equal Opportunity Act of 1972*, prohibits discrimination in employment, hiring and firing, and compensation on the basis of race, color, religion or national origin. Enforcement is the responsibility of the Equal Employment Opportunity Commission (EEOC) to whose regulations education institutions must adhere as employers.
- *The Equal Pay Act of 1963* also prohibits discrimination in compensation, but on the basis of sex. It is enforced by the Wage and Hour Division of the Department of Labor.
- *Title IX of the Education Amendments of 1972* prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance. Like Title VI, enforcement is the responsibility of those agencies providing financial assistance, but most reporting by educational institutions is to OCR.
- *The Rehabilitation Act of 1973* provides that otherwise qualified handicapped individuals shall not be discriminated against under programs or activities receiving Federal financial assistance. The Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) has policy responsibility and oversees enforcement of Section 503, dealing with employment. Regulations and enforcement of Section 504, prohibiting discrimination in programs or activities receiving Federal financial assistance, are the responsibility of OCR.
- *The Age Discrimination in Employment Act of 1967*, as amended, prohibits employment discrimination against persons aged 40 to 65. Enforcement is the responsibility of the Wage and Hour Division of the Department of Labor.
- *The Age Discrimination Act of 1975* provides that no person shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, programs or activities receiving

Federal financial assistance. Enforcement is an OCR responsibility.

- *The Vietnam-Era Veterans Readjustment Assistance Act* requires affirmative action in the employment and advancement of disabled and Vietnam-Era veterans. Written affirmative action plans are required of Government contractors holding contracts in excess of $50,000 or having 50 or more employees. Responsibility for enforcement is shared between two Divisions of the Department of Labor, OFCCP and the Veterans Employment Service. In addition, job openings are listed with the various State employment services for referral.
- Titles VII and VIII of the *Public Health Service Act*, as amended by the *Comprehensive Health Manpower Act of 1971*, prohibit discrimination on the basis of sex in the admissions and employment practices of health training programs receiving Federal financial assistance. Enforcement is an OCR responsibility.
- Revenue procedures issued under *Section 501 of the Internal Revenue Code* provide that schools which do not have a racially nondiscriminatory policy do not qualify for exemption from Federal income tax. This applies primarily to independent institutions at all levels, and enforcement is the responsibility of the Internal Revenue Service (IRS).
- *Executive Order 11246*, as amended, forbids Government contractors from discriminating in employment on the basis of race, color, religion, sex or national origin. In addition, contractors are required to take affirmative action to assure that employees and job applicants are treated without regard to these factors. Written affirmative action plans, including utilization analyses of the workforce and goals and timetables for remedying deficiencies, are required of contractors with contracts of $50,000 or more and 50 or more employees. Policy and oversight are the responsibility of OFCCP which has designated OCR as the compliance agency responsible for enforcement with respect to contracts with educational institutions.
- *Executive Order 11764* delegated to the Attorney General the authority to coordinate and assist agency efforts to enforce Title VI. By regulation, the Department of Justice has set minimum standards for agencies to use to ensure compliance. These minimum standards allow enough latitude so that Title VI enforcement efforts can vary among agencies providing Federal financial assistance.

In addition to these laws and executive orders, many State and local governments have similar antidiscrimination laws or ordinances. Thus, enforcement is conducted, not only by the Federal Government at both central and regional offices, but at State and local levels as well.

Reporting and Recordkeeping

As employers and Government contractors, educational institutions are subject to the same laws and regulations as other sectors of the economy. These laws and regulations have been analyzed by the Commission in a separate report on Equal Employment Opportunity. In addition, educational institutions are subject to other reporting requirements as participants in specific Federal programs. One such program, authorized by the Emergency School Aid Act, provides grants to local education agencies for the purpose of overcoming minority group segregation within the schools. Some of the provisions cited above have been selected for further discussion in this report because of the paperwork burdens they impose. One must remember, however, that those selected are not the total of antidiscrimination reporting by the institutions. Rather, they are *in addition* to the others outlined above, are generally applicable, and do not relate only to specific educational programs or to employment practices.

Titles VI and IX

Title VI of the Civil Rights Act prohibits discrimination on the basis of race, color or national origin in any program receiving Federal financial assistance. Title IX of the Education Amendments of 1972 prohibits discrimination on the basis of sex in educational programs receiving Federal funds. Educational institutions must report to OCR as well as file assurances of compliance with other agencies providing financial assistance (for example, grant-making agencies such as the National Science Foundation, the National Endowment for the Humanities, etc.).

Surveys. At the elementary and secondary levels, OCR requires the nation's 16,000 public school districts to complete the *Elementary and Secondary School Civil Rights Survey* (OS/CR 101 and 102) biennially. This survey collects data to measure compliance with the Rehabilitation Act of 1973 as well as Titles VI and IX. Data requested include information on the number of pupils transported at public expense; vocational education programs; home economics and industrial arts enrollments; drop-outs; previous year's graduates; student discipline; special education provided handicapped students; and bilingual and English-as-a-second-language programs. Much of this information must be broken down and reported by sex and racial/ethnic designation. Nationwide completion of the 1976 survey is estimated to require 180,000 to 330,000 person hours.

At the college level, institutions are annually required to complete some forms in the HEGIS series, now incorporating joint requirements of OCR and NCES. Student information pertaining to Titles VI and IX is collected via the FALL ENROLLMENT AND COMPLIANCE REPORT OF INSTITUTIONS OF HIGHER EDUCATION (OE Form 2300-2.9) and DEGREES AND OTHER FORMAL AWARDS CONFERRED (OE Form 2300-2.3). These forms ask for a breakdown of students enrolled and degrees granted in 301 fields of study by racial/ethnic category and sex. In addition, other HEGIS surveys deal with staff composition and salary distribution.

Assurances. Agencies providing Federal financial assistance in the form of grants require assurances that recipients are in compliance with Titles VI and IX. These are brief forms which institutions must sign and return. In most cases, an institution completes each assurance one time for every agency from which it receives Federal financial assistance. Unless compliance status changes, future grant applications usually incorporate previously filed assurances by reference. This procedure is used at NSF and HEW. A few agencies, however, require Title VI and Title IX assurances for each grant, and the same assurances may be submitted many times.

Self-evaluation. In addition to surveys and assurances, Title IX required every institution receiving Federal financial assistance to conduct a self-evaluation by July 21, 1976, make modifications necessary for compliance, and take appropriate remedial steps to eliminate the effects of any discrimination on the basis of sex. A description of modifications and remedial actions is to remain on file at the institution for at least three years after completion of the evaluation.

HEW did not prescribe the exact mode of conducting a self-evaluation. However, a recommended format, prepared under an Office of Education contract and used by many institutions, was promulgated in a 148-page book, *Complying with Title IX/Implementing Institutional Self-Evaluation.* Conducted nationally, the suggested format would have required some 13,546,292 pages of paper (148 pages per school, multiplied by 91,529,[3] the approximate number of public elementary and secondary schools, and colleges and universities in the country).

Legislative intent. Title IX also presents a good example of the problems executive agencies encounter when interpreting the statutory intent of Congress. The law provides: "No person . . . shall, on the basis of sex . . . be subjected to discrimination under any education program or activity receiving Federal financial assistance." Title IX was first introduced as an amendment to Title VI and was passed with little legislative history. It contains, however, certain exemptions which had not appeared in Title VI. For instance, certain religious institutions are not covered, and separate but equal housing is permitted.

After enactment of Title IX, OCR wrote regulations which eventually became a source of much controversy and many questions. One concerned athletic programs: does Title IX require colleges to spend as much money on women's athletics as on revenue-producing men's athletics? An amendment proposed in 1974 to exempt revenue-producing sports was deleted in conference and replaced by the Javits amendment requiring HEW to "prepare and publish . . . proposed regulations implementing (Title IX) which shall include with respect to intercollegiate athletic activities reasonable provisions considering the nature of particular sports." In

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[3]U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1975* (Washington, D.C.: Government Printing Office, 1975), p. 110.

addition, the Bayh amendment, enacted December 31, 1974, exempted tax-exempt sororities and fraternities, the YMCA, YWCA, Girl Scouts, Boy Scouts and other similar organizations from coverage of Title IX.

Yet the controversy was not over. In reply to an inquiry in July 1976, OCR issued an opinion letter stating that father/son and mother/daughter banquets were in violation of Title IX. The opinion was later reversed after direct intervention by President Ford. Subsequently included in the Education Amendments of 1976 was another set of exemptions: Boys' and Girls' State; father/son and mother/daughter events; and certain beauty pageants.

Although the Title IX regulations have been a continuing source of controversy for lack of what some consider a "common sense approach," former OCR Director Martin Gerry cited the problems inherent in administering what he referred to as "sense of the Congress" civil rights legislation. As Gerry explained, the executive branch was given a statute with little legislative history to reflect congressional intent and the task of drafting regulations carrying out the will of the Congress. In essence, the approach left much of the law to evolve from the regulations.

Tax Exempt Status

Revenue procedures issued under section 501(c) (3) of the Internal Revenue Code provide that independent schools without a racially nondiscriminatory policy do not qualify as exempt from Federal income tax. In its application for tax-exempt status an institution must provide data on:

- Racial composition, current and projected, of the student body and staff,
- Amount of scholarship and loan funds awarded to students and racial composition of recipient group,
- List of incorporators, founders, board members, and major donors,
- Statement whether any incorporators, founders, or major donors have an objective of maintaining segregated education and, if so, whether they are officers or active members of the organization, and
- Year of organization.

Additional paperwork requirements imposed on tax-exempt institutions include the printing of a statement of nondiscriminatory policy in all brochures and catalogs dealing with admissions, programs, or scholarships and in other written advertising. Further, IRS requires that the following records be maintained for three years: racial composition of student body, faculty, and administration; recipients of scholarships and financial assistances; brochures, catalogs, advertising; and copies of all materials used by or on behalf of the school to solicit contributions.

Thus, the IRS requirements, while not totally duplicative, require maintaining data routinely submitted to other Government agencies. For instance, racial composition of the student body is

regularly reported to OCR and staff information to OCR, NCES, and EEOC. In this case, the question is not the difficulty of providing information, but the lack of cooperation among agencies in sharing the same basic information.

Compliance Reviews

Compliance reviews are conducted by those agencies responsible for enforcement of the various statutes. They may take several forms and be conducted by central or regional office personnel. For instance, OCR reviews the *Elementary and Secondary School Civil Rights Survey* and HEGIS reports of enrollment, degrees granted, and staff salaries to monitor compliance with Titles VI and IX. It also reviews, under authority delegated by OFCCP, affirmative action plans required of educational institutions under Executive Order 11246. In addition, grant-making agencies have similar authorities under Executive Order 11764.

As discussed in another Commission report, the Equal Employment Opportunity Commission monitors responses to its surveys of ELEMENTARY AND SECONDARY STAFF INFORMATION (EEO-5) and HIGHER EDUCATION STAFF INFORMATION (EEO-6). In addition to reporting requirements, all enforcement agencies have criteria for the preservation of specified records needed to determine violations. Recordkeeping requirements are part of enforcement procedures under Executive Order 11246 (monitored by OCR and OFCCP), the Equal Pay Act (monitored by OCR), and IRS regulations. All these agencies are empowered to review relevant records to determine whether discrimination has occurred.

Colleges and universities have repeatedly pointed out the duplicative nature of on-site investigations. For example, representatives of Labor, HEW and IRS may all visit the same institution to audit equal opportunity programs. During the course of their investigations, many materials are requested. At one institution, IRS requested copies of all fund-raising materials; in another investigation, OCR asked for the floor plans of all dormitories and the sex of the occupants.

This is not the full extent of Federal monitoring of equal employment policy. Other agencies may also become involved. For instance, if a university operates a radio or television station, it is required to file a statement of its equal employment policy with the Federal Communications Commission (FCC). The FCC requests information on general policy; responsibility for implementation; dissemination; recruitment procedures; on-the-job-training opportunities; surveys of minorities and women in the workforce and the station's actual workforce; the number of new hires within the past year, showing how many were minorities or women; promotion policy; and a brief narrative of the effectiveness of the station's equal employment policy. If complaints of discrimination are filed with the FCC, the station's records are subject to review, and the matter may become the subject of a hearing before an Administrative Law Judge.

Some equal opportunity reporting may be initiated by the courts, as in the OCR-1000 Series. In an article which appeared in the July

5, 1976, issue of *U.S. News and World Report*, Dr. Donald Reichard, Director of Institutional Research at the University of North Carolina, cited "10 HEW reports that swamped the computer for six months." These were the OCR-1000 series: the "Report on Progress in Implementing Statewide Desegregation Plans," required in eight southern and border States by order of U.S. District Court for the District of Columbia settling *Adams* v. *Weinberger*.[4] The OCR-1000 series consisted of ten forms requesting information regarding employees, new employees, departing employees, and promotions of employees in institutions of higher education; student applicants, acceptances, and actual enrollment in institutions of higher education; financial assistance to students in institutions of higher education; progression of students in higher education programs; and reasons for students not returning to higher education, as well as information on employees of State boards and governing boards of education and the composition of governing boards for higher education.

Complaints

An individual who believes that he or she has been discriminated against may file a complaint with the Federal compliance agency having jurisdiction. Because there are substantial areas of overlapping jurisdiction, a single complaint may be taken from tribunal to tribunal in an attempt to secure a favorable verdict. Although the paperwork implications cannot be precisely measured, they are clear: a complaint is filed in one forum; the institution responds in accord with that agency's rules, regulations and procedures; if the issue is resolved in the institution's favor, the complainant may proceed to another forum and the university must again prepare its reply, this time in response to a different complaint filed in accord with another agency's regulations and procedures. This can be repeated many times, since there are frequently State as well as Federal bodies having jurisdiction.

Alternative Solutions

The duplicative nature of equal opportunity reporting and record-keeping and the corresponding overlap of jurisdictional boundaries have been subjects of discussion for several years. In 1974, the U.S. Commission on Civil Rights recommended the formation of a National Employment Rights Board[5] with broad administrative and litigative authority to eliminate discriminatory employment practices. All similar authorities of other agencies would be revoked, and all Federal compliance authority would rest with the Board. As proposed, the Board's primary emphasis was to eliminate the patterns and practices of discrimination rather than resolving individual complaints. However, the proposal did include a mechanism for resolving complaints which entailed referring individual charges to approved State and local agencies. Com-

[4] 391 F. Supp. 269 (1975).

[5] U.S. Commission on Civil Rights, *The Federal Civil Rights Enforcement Effort — 1974, Vol. V: To Eliminate Employment Discrimination* (Washington, D.C.: 1975), p. 649.

plainants would then have a right of appeal to the Board, but the local agencies' findings would be given substantial weight on appeal.

Although this suggestion related only to complaints involving employment, it appears a similar approach could be taken to all such equal opportunity complaints. In a speech before the American Bar Association's National Institute on the Law of Equal Employment Opportunity and Discrimination in Institutions of Higher Education, Dr. Robben W. Fleming, President of the University of Michigan, made the following points: the multiplicity of forums has resulted from a hodgepodge of legislation; the various Government agencies involved have separate and distinct regulations; and because of the overlap in jurisdiction and resulting high case loads, the probability of enforcement is slight.

Dr. Fleming proposed a response to the problem: the law should be corrected to remove multiple forums and, in addition, incentives created to resolve complaints at the institutional level. To be more specific, local, neutral bodies should be created to hear complaints, and complainants should be required to exhaust these remedies before appealing to an agency or the courts. Likewise, as in the judicial appeals system, the agency would have authority to decline jurisdiction in cases it found to be properly resolved. Dr. Fleming noted such a plan might be opposed from all sides, each fearful of intrusions on its own turf. Significantly, the idea was favorably accepted by the Institute's participants with the apparent consensus that the present statutes have led to an overlap of authority and caseload so great as to be virtually unenforceable.

The problem of duplicative reporting and recordkeeping was also examined by the Interagency Task Force on Higher Education Burden Reduction. Convened under White House initiative in November 1976, it agreed on the need to eliminate redundancy in enforcement of equal opportunity, civil rights, and the affirmative action programs. Specifically, the Task Force recommended that the President convene an appropriate group of knowledgeable persons from relevant agencies and representatives from selected colleges and universities to explore the problem and that they should be given adequate staff and other support to prepare, within 90 days, both a plan for the consolidation of equal opportunity reporting and the legislative changes necessary for its implementation. (See Appendix B.) At the same time, the Task Force recommended that the Department of Labor, Office for Civil Rights (HEW), the Internal Revenue Service, the U.S. Commission on Civil Rights, the Justice Department, and the Equal Employment Opportunity Commission coordinate their enforcement activities through a Memorandum of Understanding.

The Commission finds this theory commendable, but doubts its effectiveness because previous memoranda of understanding between EEOC and the Department of Labor have been virtually ignored. Five of these agencies are members of the Equal Employment Opportunity Coordinating Council which has been working on revised employee selection guidelines since 1972. On Novem-

ber 23, 1976, proposed guidelines were published by three of the five participating agencies. The Equal Employment Opportunity Commission responded by republishing its previous regulations which had gone into effect in 1970. Due to the advisory nature of its responsibility, the Civil Rights Commission published nothing.

The Commission believes consistency could be achieved through a single agency under which complaints are resolved at the lowest possible level and coordination is provided between State and Federal enforcement. For instance, regulations should allow for disposition of complaints at the institutional level by a neutral third party and provide for appeal, but give appellate levels the right to decline jurisdiction if they find no basis for it on either procedural or factual grounds. The rules should be the same in initial hearings and appellate procedures, to eliminate re-hearing the same complaint in similar, but different, contexts under different sets of regulations.

Recommendation No. 21
The President should issue an executive order and propose legislative changes, if required, to designate a single cognizant agency for equal opportunity and civil rights recordkeeping, reporting, and compliance in the field of education.

Recommendation No. 22
The President should form an appropriate group of knowledgeable persons, including advocacy groups, to contribute in the development of the cognizant agency, along the lines of the recommendation of the Interagency Task Force on Higher Education Burden Reduction.

Recommendation No. 23
The administrative procedures of any single cognizant agency for equal opportunity and civil rights in education should allow for resolution of complaints at the lowest possible level and provide for coordination of Federal and State enforcement efforts.

In addition to pervasive problems of overlapping jurisdictions and duplicative requirements examined in the preceding pages, the Commission reviewed also three specific problems that reached it through its hearings and correspondence from Congress and respondents. These problems dealt primarily with insufficient lead time in the announcement of compliance surveys and in changing and inconsistent definitions of racial/ethnic categories.

The Emergency School Aid Act
The APPLICATION FOR LOCAL EDUCATION AGENCY GRANTS UNDER THE EMERGENCY SCHOOL AID ACT (OE Form 116-1) required minority enrollment data which were not reported according to standard Government racial/ethnic categories. Thus, the approximately 2,000 local education agencies which request these grants annually cannot use the same data collected and furnished to other Government programs. Instead, they must collect it again in a slightly different form.

The Emergency School Aid Act (ESAA) was enacted in 1972 to provide local education agencies financial assistance to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools; encourage the voluntary elimination, reduction or prevention of minority group isolation in schools with substantial proportions of minority group students; and aid school children in overcoming the educational disadvantages of minority group isolation. The grant application required analysis of student enrollment using the following classifications: Negro, American Indian, Spanish-surnamed, Oriental, Portuguese, Alaskan Native, Hawaiian Native, Other Minority, and Non-Minority.

Local education agencies were already required by OCR to maintain enrollment data according to the format employed in the Elementary and Secondary School Civil Rights Survey, which was mandated by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. That survey relies on a set of five standard racial/ethnic categories developed for Government-wide use in compliance, administrative and statistical reporting.[6] Specifically, those categories are: American Indian or Alaskan Native; Asian or Pacific Islander; Black, not of Hispanic Origin; Hispanic; and White, not of Hispanic Origin. Likewise, the faculty information required by the ESAA grant application did not correspond to these standard racial and ethnic categories by which elementary and secondary schools were also required to report faculty and staff information to EEOC.

Because the ESAA application did not use the standard racial/ethnic categories, applicants were required to provide similar information in slightly different forms to two offices within HEW. The effort required and cost of collection were roughly twice what they would be if both offices collected the data using the standard classifications.

Preliminary discussions with ESAA staff indicated that the ESAA application for school year 1978-79 could be changed so the application's minority group classifications corresponded to the standard racial/ethnic classifications used by OCR and EEOC. In addition, ESAA officials advised that such a change in classifications would not affect the distribution of funds.

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[6]Staff of the Office of Management and Budget's Statistical Policy Division have worked with representatives of the General Accounting Office and various Federal executive agencies (HEW, Labor, HUD, Justice, Census, and EEOC) to establish, test and promulgate a set of standard categories for the reporting of racial and ethnic data. In August 1976, they obtained agreement from the affected agencies on a standard set of racial and ethnic categories to be used for compliance, administrative and statistical reporting.

Recommendation No. 24
The Commission on Federal Paperwork, noting the establishment of standard racial/ethnic designations to be used by all agencies for compliance, administrative, and statistical reporting, recommends to the Secretary of Health, Education, and Welfare that these standard categories be used in applications submitted to the U.S. Office of Education for Local Education Grants under the Emergency School Aid Act.

The Elementary and Secondary School Civil Rights Survey (OS/CR 101-102)

Local Education Agencies (LEAs) and State Education Agencies (SEAs), through CCSSO, have requested since 1973 that formats for data collection from schools and States be announced at least nine months prior to the start of a school year. OCR conducts two surveys of LEAs and SEAs: the School System Summary Report (OS/CR 101), and the Individual School Campus Report (OS/CR 102). Neither survey was provided to all respondents until the start of the school year or later in 1974, 1975, and 1976.

LEAs and SEAs normally plan their annual data collection activities by the January preceding the start of a school year. When data collection formats containing new or expanded data elements are announced after a school year begins, schools and States are forced to search their records manually for the data, an expensive and duplicative process. OCR acknowledged in its memoranda announcing the Fall 1976 surveys to SEAs and to LEAs that "much new information," some of it retrospective to 1975, was being requested. Commission consultation with OCR, CEIS, and OMB during a semi-annual meeting of CEIS in October, 1976, indicated an interest by all parties that the nine-month lead time problem be resolved for 1977 and future years.

Forms OS/CR 101 and 102 are compliance reports required originally under Title VI of the Civil Rights Act of 1974 and subsequently also by Title IX of the Education Amendments of 1972 and by Section 504 of the Rehabilitation Act of 1973. They provide important information for the implementation of recognized national policy. OCR began these surveys in 1968 to collect racial and ethnic information in order to combat discrimination. Statutory changes in 1972 and 1973 required the addition of questions on sex and on handicapping conditions.

The School System Summary Report (OS/CR 101), which was not distributed until December 1976 to 16,000 school districts receiving Federal assistance, required new data on enrollment in vocational education, disciplinary actions, students whose home language is other than English, and enrollment in bilingual or English-as-a-Second Language programs.

The Individual School Campus Report (OS/CR 102) was also distributed in December 1976, to 3,500 school districts containing approximately 40,000 schools. It required data on pupils transported at public expense, numbers of vocational education

programs, high school diplomas in previous years, and information on student discipline, special education and pupil classroom assignments for a sample of classes. These were expanded requirements from previous years. Especially burdensome in 1976 because of lack of sufficient lead-time in announcing the format for data collection were reports for the prior school year on pupils suspended, receiving corporal punishment, and/or referred for disciplinary action to courts or juvenile authorities.

OCR had worked for almost one year in preparing the Fall 1976 school survey forms and that spring, for the first time, conducted a pretest under contract. A draft copy of *Report on the Pretest of the Office for Civil Rights Fall 1976 Survey Instruments* showed average completion time to be 5.75 hours for Form 101 and six hours for Form 102. For the 16,000 school districts and 40,000 schools directly involved, the burden was estimated by the Commission to be 150,000 person-hours based on median completion time.

Because none of the 194 school districts with enrollments of 25,000 students or more were field tested, the total burden would undoubtedly have been higher if they were included. The Commission consulted two large districts which indicated their response burden would range from 24 to 32 hours. The report on the pretest reflected the need for lead-time and suggested a nine-month period.

On October 5, 1976, OMB withheld approval of these two forms, citing as reasons the timing of the proposed request, the request for retrospective data, and target-sampling prior to collection of screening information. On October 20, OMB cleared the forms but stated again its concern about requests for retrospective data, particularly when schools had been required to keep records to respond to different formats. A special condition of final clearance was the requirement that OCR include language in its notices to schools and States indicating that, if some schools demonstrated they did not have responsive information available, OCR would discuss alternate data responses.

In a three-page memorandum to LEAs and SEAs late in the fall of 1976 announcing its 1976-77 Survey, OCR concluded with four lines saying it would conduct surveys biennially in the future. OCR said schools would be required to maintain *similar* (emphasis added) records for non-survey years.

In response to annual widespread complaints concerning the collection of all education data, including civil rights information, the Congress, aided by congressional members of the Commission, provided statutory language for the Education Amendments of 1976, enacted on October 12, 1976. This language, discussed in the following Section, requires coordination of the collection of information and data acquisition activities for the Education Division of HEW and OCR.

Recommendation No. 25
The Office for Civil Rights of the Department of Health, Education, and Welfare should announce clearly by January 1977 whether the Civil Rights Survey (OS/CR 101 and 102) data requirements for recordkeeping for 1977 are to be identical to and no more than those required in the survey year of 1976, subject to legislative or judicial changes.

Recommendation No. 26
The Secretary of Health, Education and Welfare should direct the Education Data Acquisition Council to require clearance of Forms OS/CR 101 and 102 for the 1978-79 biennium in sufficient time to enable announcement of 1978 survey data items by January 1, 1978.

These recommendations were adopted by the Commission December 3, 1976. The Secretary's response, on January 19, 1977, indicated agreement on the need to provide sufficient lead time and stated that the Director of OCR intends to ensure that school officials "be informed of the specific data requirements well in advance of the due dates" in future years. The response added that a January 1977 announcement of the recordkeeping requirements would not be possible, but that a decision would be reached no later than March 31.

With respect to Recommendation No. 26, the Secretary's letter stated that the OCR "will start to plan for the 1978-79 biennial survey in the near future, and it should be possible to make an announcement as to its contents by the date you suggest, subject to legislative or judicial developments."

HEGIS

Two revised report forms instituted in 1976 by NCES would have brought about an acute increase in paperwork for 3,000 institutions of higher education. These forms, for the Higher Education General Information Survey (HEGIS), were announced too late for the institutions to produce the newly required information in a timely manner, and completion would have required a hand search of records. The problems arising from the new HEGIS report forms had been delineated in a letter to the Secretary of HEW by the New York State Commissioner of Education; hearing testimony; letters to the Commission on Federal Paperwork; and media exposure of the financial pressures on higher education caused by increasing paperwork burdens.

NCES, the data collection agency of the Education Division, planned to send two substantially revised HEGIS forms to colleges and universities. The first form, DEGREES AND OTHER FORMAL AWARDS CONFERRED BETWEEN JULY 1, 1975 AND JUNE 30, 1976 (OE Form 2300-2.1, 3/76), was due to be returned by August 15, 1976. This report called for a new format for reporting the distribution of degrees earned in the various fields of study.

The second form, FALL ENROLLMENT AND COMPLIANCE REPORT OF INSTITUTIONS OF HIGHER EDUCATION, 1976 (OE Form 2300-2.3, 3/76), was a combination of the HEGIS Fall Enrollment Survey, the annual report of all enrollment figures, and an Office for Civil Rights Compliance Report. The combined Fall Enrollment Report was due to be returned by December 1976. The substantial revisions from previous surveys required a new data acquisition format for five racial/ethnic and one nonresident alien category by ten individual major fields of study and by classifications expanded to include part-time students.

Colleges and universities gather student information by school years, with the gathering usually done at registration and commencement. Once decisions have been made and forms prepared for the collection of information, it is time-consuming and expensive to acquire additional information before the next annual cycle. The acquisition of this information creates a paperwork burden for the institution.

The 1976 summer graduation had already taken place when the change in information requirements in the Degrees Conferred Report was announced. A hand-search of graduation records was required to provide information which formerly had been collected without records search, if the institutions were to comply with the new HEGIS request.

On June 24, 1976, the Commission made three recommendations to the Secretary of HEW with respect to HEGIS, under which colleges and universities provide annual statistical data. These were:

- ***Recommendation No. 27***
  A one-year moratorium on changes in the form on which racial/ethnic categories are reported by major fields of study. The Commission suggested that the earlier form used by the Office for Civil Rights remain in effect until such time as the institutions could prepare in advance to gather the data.

- ***Recommendation No. 28***
  Full consultation with the higher education community before revised forms are used in future surveys.

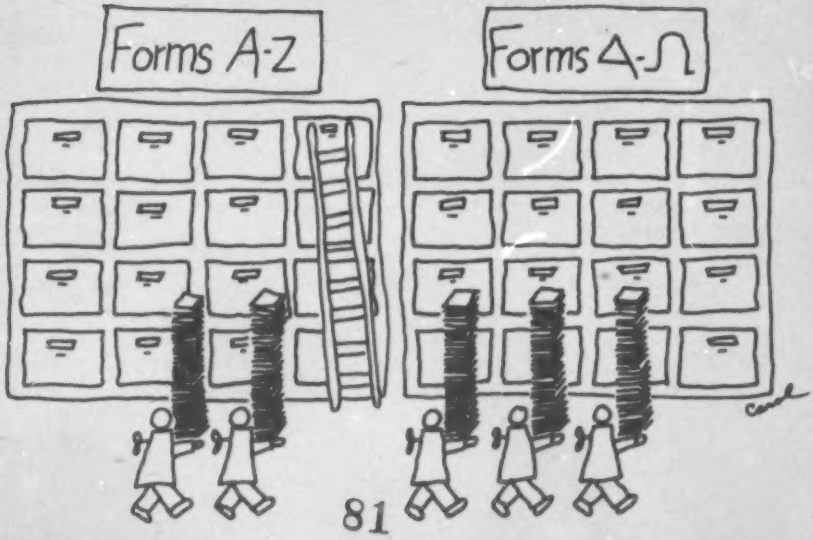
- ***Recommendation No. 29***
  The distribution of HEGIS forms to the responding institutions by December of the year prior to their intended completion.

The Secretary's response cited difficulties in accepting the first recommendation. The earlier form used by the Office for Civil Rights could not be retained because the racial/ethnic categories prescribed for standard Federal use had been changed. Furthermore, the urgent demand for the data made a moratorium infeasible. The letter stated that the second and third recommendations could be implemented and that efforts to implement them had already begun.

Suggestions for HEGIS. The HEGIS series conducted by NCES involves up to eight additional surveys in addition to the two discussed above. These call for data on institutional characteristics, staff, finances, physical facilities, libraries and students. A task force of the NACUBO paperwork committee, with Commission consultation, examined these surveys and identified many instances of insufficient lead time, changing formats, too frequent collection, absence of sampling techniques, and late feedback of results.

This task force suggested that two surveys be conducted annually, Institutional Characteristics and Opening Fall Enrollment, with racial/ethnic data in the latter form collected every two or three years. Two other surveys were recommended for less frequent collection: Degrees and Other Formal Awards Conferred, biennially, and Upper Division Post Baccalaureate Enrollment by Degree Field, every three or four years, using a sample of institutions. In all instances collection forms should be provided at least nine months in advance.

To help meet the problem of late feedback, where publications arrive three or four years after collection of data, the task force urged NCES to provide data tapes for early use by researchers and to utilize a check-off system at the time of collection so institutions can indicate whether publications are desired. The Commission acknowledges that NCES has begun to consider some of these suggested changes and supports these efforts.



V.

Management Controls

In the three preceding sections, specific problems were described and immediate steps recommended for their solution. This section discusses management techniques to resolve entire groups of paperwork problems, including the need to coordinate education data collection, utilize standard terminology, and provide an automated index of data elements. The section also discusses agency responsibility for data collection and use, Congress as an influence in the creation and control of paperwork, and the role of respondent education groups.

Coordinating Data Collection

Essential to the management and control of paperwork is closer coordination of the collection of education data by Federal, State, and local governments. Responsibility for education data collection is highly decentralized at the Federal level, despite the existence of the National Center for Education Statistics (NCES). NCES has the primary responsibility in the Education Division of HEW for the collection of general purpose statistics and the adjunct responsibility for reporting on the condition of education in the United States.

Substantial portions of education data collected through the Federal system are gathered also by OE, which has primary responsibility in the Education Divison for accumulating information on the administration and impact of Federally supported programs. Responsibility for the collection of specific program data is spread throughout the various components of OE, including the Bureau of School Systems, the Bureau of Education for the Handicapped, the Bureau of Postsecondary Education, and the Bureau of Occupational and Adult Education. The Office of Planning, Budgeting and Evaluation within OE collects and analyzes information required to evaluate the effectiveness of specific Federal education initiatives and, in addition, performs an annual analysis to produce a comprehensive evaluation of federally supported education programs.

The National Institute of Education (NIE), another major component of the Education Division, collects and analyzes data concerning the development, testing and implementation of new educational techniques, services and delivery mechanisms. In addition, NIE shares the responsibility for meeting the requirements of certain congressionally mandated studies.

Other HEW agencies responsible for the administration of programs affecting the education system gather and use data to measure the impact and effectiveness of activities under their purview. These programs include regulatory activities such as those of OCR, which are designed to insure equal access to educational services, and grant programs which provide funds for the delivery of specific services to students such as HEW's Headstart program, directed by the Office for Child Development.

Recognizing the need for coordinating the collection of education data, the Assistant Secretary for Education chartered the Education Data Acquisition Council (EDAC) in 1975 to prepare the Education Division's Annual Data Acquisition Plan. EDAC has established criteria for evaluating data requests and has implemented clearance procedures for the Education Division. This preliminary clearance effort has been beneficial both to OMB in its final clearance review and to respondent groups, because it allows checking for duplication and use of common definitions, but it serves as an overall planning mechanism only for the Education Division's data collection.

The only attempt to coordinate education data collection prior to 1975 was made by NCES through the establishment of a close working relationship with the Council of Chief State School Officers and its working arm, the Committee on Evaluation and Information Systems (CEIS). CEIS has been working for several years with NCES and other Federal agencies to formalize a process for review of Federal data requests from the respondent's point of view. The emphasis by EDAC and NCES has been directed until recently to the elementary/secondary school level, but NCES, recognizing the importance of this review effort, has now extended this process to the postsecondary education level through liaison with the State Higher Education Executive Officers.

Congress also recognized the need for coordination in order to eliminate the excessive detail and unnecessary or redundant information requests by enacting the Control of Paperwork Amendment (Sec. 406 (g)) as a part of the Education Amendments of 1976 (P.L. 94-482). This statute provides that the Secretary of HEW and the Assistant Secretary for Education shall coordinate the collection of information and data acquisition activities of the Education Division and OCR. The review and coordination procedures are to be directed by the Administrator of NCES. The statute covers only the Education Division and OCR.

Certain general education data are gathered by agencies outside the Education Division of HEW. These include the collections of elementary/secondary school systems' financial statistics by the Bureau of the Census; information concerning school breakfast and lunch programs by the Department of Agriculture; student data by the Bureau of Indian Affairs, Department of the Interior; information for certification of programs by the Veterans' Administration; education data regarding programs sponsored by the Department of Defense; data on students and teachers, particularly in the scientific and engineering fields, by the National Science Foundation; information on education manpower by the Bureau of Labor Statistics; and data on intelligence and achievement of children in the Health and Nutrition Examination Survey conducted by the National Center for Health Statistics.

There may be other Federal agencies which collect or plan to request information from the education community. All agencies, with the exception of the independent Federal regulatory agencies, would be included in the recommendations contained in this section. Forms clearance for the independent Federal regulatory agencies is a responsibility of the General Accounting Office,

rather than OMB, under the Federal Reports Act as amended. These agencies, however, rarely have a direct effect on education.

Established EDAC procedures will provide a significant step toward central coordination of data collection in the Education Division and OCR. The other agencies requesting data from education respondents, however, are not required to use EDAC as a clearinghouse for education data collection. Despite the attention given to unnecessary, redundant collection, the Control of Paperwork Amendment is not broad enough to encompass the coordination of education data collection outside the Education Division.

Data collection activities that cut across Federal agencies often lack the necessary coordination to alleviate redundancy that generates paperwork. The redundancy presently stems from the lack of comparability in data elements and definitions. It is important to be able to review or monitor all educational data collection in the light of each agency's needs and to systematize the process to insure comparability by using standard methods and definitions. The utilization of information would be enhanced through coordination by making it useful to more than one agency. Comparability and compatibility would also allow the development of more comprehensive statistical profiles. The fragmentation of present data collection practices contributes to the lack of accurate, readily accessible educational information needed by policy makers.

The importance of establishing a central clearinghouse in Federal education data collection has been supported, not only by Congress in the Education Amendments of 1976, but also by respondent groups. In November 1974, the Council of Chief State School Officers urged HEW to centralize the collection of all education data by the Federal Government. A similar recommendation was approved during the 12th Annual Postsecondary Education Seminar in 1976. The importance of establishing a clearinghouse for data gathering was also supported in one of the four major recommendations in a 1976 report to HEW prepared by a panel of the National Research Council of the National Academy of Sciences. There is considerable support from all facets of the education community for the concept of a single unit for coordination of education data production activities.

The dollar savings achieved by eliminating redundancy or by utilizing generally acceptable methods and definitions, which in turn will improve both comparability and usefulness, should be a significant step in minimizing data collection costs. The measure of the cost saving that may occur as a result of timely and accurate information being available for the determination of national education policies would depend upon future information needs and policy decisions, both of which are difficult to predict. The importance of having accurate information available during the development of legislation and national policy cannot be overestimated.

Implementation of this recommendation will require a minimum outlay of resources and only a minor change in present procedures. It is an additional but necessary step that will result in

sound organizational management of data production.

The Statistical Policy Division of OMB has the authority under the Federal Reports Act to establish guidelines for forms clearance procedures and, under the Budget and Accounting Procedures Act, to develop programs and issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and dissemination of statistical information.

Recommendation No. 30

The Office of Management and Budget should provide for Federal coordination of education data production by requiring, in its forms clearance procedure, that all request from any Federal agency for data from education respondents be coordinated through the HEW Assistant Secretary for Education prior to OMB clearance.

This recommendation was adopted by the Commission on February 25, 1977. In response, the Director of OMB replied to the Commission on March 28, 1977 that the general strategy holds great promise. He said EDAC is presently implementing the Control of Paperwork Amendment to include coordination and review of OCR education data collections. If EDAC is judged subsequently to be an effective mechanism, he stated, OMB would advise the Secretary of HEW to coordinate education data activities for the entire Department and, depending on the outcome of that effort, OMB would consider extending coordination to all Federal departments.

Standardizing Terminology

There are currently more than 16,000 elementary and secondary school districts and over 2,700 institutions of higher education in the United States. There are also many organizations and institutions with specialized training and instructional programs. All these institutions and organizations have many data elements in common. For data from different sources to be organized and compared, there must be some standardization of terms used, the definitions of those terms, classification systems, and units of measure. This is particularly critical if data and information from different sources are to be shared or compared.

The need for standardization can be illustrated by the example of establishing a cost per elementary or secondary student which requires a unit of measure for cost and a unit of measure for a student. For purposes of this illustration, only variations of the student unit measure will be examined. The alternatives would include:

- Membership (number of students on the current roll of a class or school for a given date or period of time, reflecting entries and withdrawals).
- Average daily membership (the average number in membership during a given period of time).
- Average daily attendance (the average number of days of actual attendance by members).
- Enrollment (the number enrolled during a certain period of time, disregarding withdrawals).

Even in the third example, the definition of day of attendance may vary not only from State to State, but also from local district to local district. For instance, when an excused absence is counted as a day of attendance in some schools or States and not in others, an inflated figure is derived. These inflated figures then influence funding allotments which are based in part on average daily attendance, as under Title I of the Elementary and Secondary Education Act.

NCES has made available a set of handbooks of standardized terminology. These handbooks, which are revised periodically, deal primarily with general information related to education and stress standardized terms and definitions. Another NCES project, the Common-Core-of-Data (CCD) program, has been designed to facilitate the providing of information needed on a recurring basis. NCES indicates in its publication *Projects, Products and Services of NCES, 1976* that "National data-collection efforts in education continue to be seriously restricted by delays in reporting, missing data, nonresponse, and ambiguous information which results inevitably and directly from lack of standardization in educational data elements, recordkeeping, definitions, reporting procedures, and educational practices."

The two major functions of CCD are to develop a basic set of data based on common definitions and standards describing elementary-secondary and postsecondary education and to give technical assistance to State and local education agencies to improve data gathering activities. There has been support for the handbook series and the CCD concept from the 1976 Postsecondary Education Seminar in one of its summary recommendations and by CCSSO in a resolution passed in June 1973.

Although NCES is making a concerted effort to promote the utilization of a set of handbooks as reference manuals for establishing terms and definitions to be used in education data collection activities, including the CCD project, all Federal agencies are not utilizing these common references or concepts.

Recommendation No. 31
The Assistant Secretary for Education should use, as a common reference for all terms and definitions used in education data collection, the set of handbooks prepared by the National Center for Education Statistics (NCES) for that purpose, and all forms submitted for clearance should be made to conform to those terms and definitions.

Recommendation No. 32
The Assistant Secretary for Education should give high priority to the Common-Core-of-Data program developed by the NCES to facilitate meaningful, comprehensive, and integrated data collection systems.

These recommendations were adopted by the Commission on February 25, 1977. In response, the Assistant Secretary for Education replied to the Commission on April 1, 1977, that education data

acquisition activities must conform to the NCES handbook terms and that Common-Core-of-Data has a high priority in the Education Division.

Indexing System

One of the primary tools important in utilizing large amounts of loosely related data is an automated system for indexing or cataloguing available data. An index system will provide a guide to point out or facilitate reference. At present, no index system is available at the Federal level to serve the education data community. Plans should be developed to implement an indexing system that will not only increase the utilization of available data, but also provide a necessary management tool to assist in reducing duplication.

Users of education data generally include Congress, the general public, Government agencies, education organizations, news media and business. Although possibly the greatest use of data is made by the collecting agency itself for program administration, there are approximately 1,000 other requests for education data each month to NCES alone. Additional requests may be directed to other collecting agencies.

Utilization of data can be enhanced if the user can establish relationships between variable data elements by means of an indexing system. For example, the cost of education and the performance of students of differing socio-economic backgrounds are variables whose relationship must be examined. When the variables come from separate sources, indexing should allow the user to determine if these relationships are currently available. Indexing may also indicate additional variables that are needed or relationships that are missing. Determination of need for additional data elements is most difficult in the absence of an automated index system.

Duplication is described consistently as a major factor in paperwork burden. Indexing should increase efficiencies in proposed data collection by locating duplicative efforts in advance. For example, where enrollment data are being collected through general statistics, the data should be shared with program monitors. This does not always happen and, as a result, the enrollment data is collected again and again in the program area. Although this example may be an oversimplification of the problem, it can become very complex, given the number of agencies, organizations and program areas involved in collecting education data.

OMB presently has an inventory which lists forms by form number, number of responses, and number of person-hours necessary for completing the form. The OMB forms inventory is arranged by agency and type of information the forms will collect, such as application, program management, etc., but it does not list the individual data elements included on each form.

EDAC has developed an inventory system that lists forms by broad content area and respondent groups. The EDAC system was

designed to analyze report forms in many different ways, but it does not presently include the listing of each individual data element contained on the data collection forms. There are plans to develop an automated indexing function in the EDAC system. An automated system would facilitate the detection of duplication and the identification of any agency that had already collected the same data.

The use of such a system must be extended to include those agencies that do not presently fall under the EDAC purview. The coordination of education data, recommended above, would serve to make the indexing procedure much more comprehensive than would otherwise be possible. Indexing would then be one of the coordinating functions performed by EDAC in its role as coordinator of education data collection.

Recommendation No. 33

The Assistant Secretary for Education should further the implementation of the Education Division's data acquisition system by including in it an automated indexing system for cataloguing available data. This indexing function should extend to all agencies that collect education data, and adequate funding for this purpose should be requested.

This recommendation was adopted by the Commission on February 25, 1977. In response, the Assistant Secretary for Education replied to the Commission on April 1, 1977, that the Education Division included in its Fiscal Year 1977 supplemental appropriations request the funds to develop an automated indexing system.

Reducing Burden

The first partial coordination of education data collection and use is located in HEW's Education Division under the Assistant Secretary for Education and is directed by the Administrator of NCES. Representatives of each of the four agencies comprising the Division serve on committees which review data acquisition requests directed to elementary and secondary education, postsecondary education, adult and vocational and career education, and the education of handicapped children. Those that are approved then become part of an annual data acquisition plan comprising approximately 400 data-gathering forms.

As this coordinating function developed in its first three years, it has been limited to data gathered by the Education Division. If Recommendation No. 30, above, is adopted, the overview function will expand to cut across all Federal agencies requiring OMB forms clearance for data collection from education respondents. Then, for the first time, a central source in the Education Division can maintain records on who is collecting what, from whom, and for what purpose.

The Education Division's annual data acquisition plan, when considered in conjunction with information from other Federal agencies, will contain the data submitted in applications for grants, program and management reports, surveys, questionnaires, recordkeeping requirements, and compliance reports. These data

will provide information on subjects such as facilities, finance, enrollment, staff, and program, among others.

The objective of the Education Division should be to complete review of its forms in time to permit *Federal Register* publication, by the January preceding the start of the school year, of all plans to collect education data for that school year. This will provide the nine months of lead time States and institutions require to build their data acquisition plans and collecting activities, as recommended in Section IV. The Education Division has not yet achieved this objective, one which would relieve considerably the reporting burden on education respondents.

Another potential contribution to the easing of paperwork burden would be in the reduction or elimination of duplication and redundancy. Respondents have complained about requirements to submit identical or similar data on many forms. Frequently NCES has already collected some of the data but has not been able to process it quickly enough to provide it to another agency in time to prevent a second collection of repetitive data. Available data should be provided to permit — indeed, to require — program managers to collect only that information that has not already been gathered. Multiple uses of data in this way would benefit both agencies and respondents. It can be made possible by means of the automated index discussed in Recommendation No. 33 and by prompt processing of data as they are received.

Recommendation No. 34

The Assistant Secretary for Education should review all education data gathering instruments in the calendar year preceding collection and announce by the January preceding the start of the school year the data elements to be collected in September.

Recommendation No. 35

The Assistant Secretary for Education should develop the capacity of the Education Division to provide promptly, for multiple use by agencies, data already collected such as in surveys, applications, compliance reporting, management reporting, financial reporting and evaluation, and limit any further collections to those items not already in hand.

The Assistant Secretary for Education is not empowered to require the adoption of a data announcement and collection cycle or the multiple uses of data by agencies outside the Education Division. The Commission believes the voluntary observance of these recommendations by other agencies would be equally efficient for them as well. Better data would be collected with a nine-month lead time, and the respondent burden would be lessened through elimination of much duplication.

Recommendation No. 36

The Office of Management and Budget should urge all agencies, when they collect data only from education respondents, to provide nine months advance notice of collection and to share their data collections with the Education Division for multiple uses wherever possible.

The Role of Congress

A volume of over 700 pages was required, at the close of the 93d Congress in 1974, to set forth the Federal education laws that had originated with the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor. A similar publication containing education legislation authorized by other committees would likely require an equal number of pages. A study by the Library of Congress identified 439 statutory authorities affecting postsecondary education alone. These authorities arose from the work of 18 of the 22 standing committees of the House and 16 of the 18 standing committees of the Senate.

Most laws affecting education require paperwork, both by those persons or institutions benefited or affected and by the agencies which issue the regulations and administer the programs. OE, a major administrator of education programs, has had more than a tenfold increase in the last five years in the number of documents it publishes annually in the *Federal Register*, from 32 in Fiscal Year 1972 to an estimated 368 in Fiscal Year 1977.

In addition to passing laws which result in programs requiring paperwork, Congress also mandates special studies and reports from HEW which in turn may require paperwork from education respondents. Thirty-four of these reports were required in the Education Amendments of 1972, 48 in the Education Amendments of 1974, and 34 in the Education Amendments of 1976. In that short span of time, required reports have become so numerous and have had such short completion times that the agencies could not meet the response deadline. The Education Amendments of 1976, for example, authorized changes in completion dates that would not be met for at least 19 reports in the Education Amendments of 1974.

There are at least two causes of the short reporting deadlines in the case of the Education Amendments of 1974. First, the introduction of bills and their amendments in committees began early in the two-year tenure of that Congress. By the time a bill had cleared each House and the two bills had gone to conference for final agreement on a single bill, the Congress was approaching the end of its two-year period, and the reporting dates carried over from the original bills were no longer achievable. Second, in the instance of the preparation of the Education Amendments of 1974, Congress had changed the fiscal year starting date from July 1 to October 1, thus shortening the reporting time that had been based on the earlier date.

The Senate Committee on Human Resources and the House Committee on Education and Labor, originators of most of the purely educational legislation, have begun, in the last half dozen years to try to control paperwork burdens created by education laws. Simultaneously, they have sought to improve the quality and manage the quantity of information and data necessary to assess programs and shape public policy. This is being done in sympathetic response to complaints from education respondents.

In the Education Amendments of 1972, for example, Congress mandated an analysis by the Commissioner of Education of all OE

rules, regulations, guidelines, or other published interpretations or orders. The Commissioner was required to report to the education committees within one year on the specific legal authority of each section of each rule or regulation and to publish these rules or regulations in the *Federal Register* for comment no later than 60 days after the report. After a 60-day comment period by interested parties, the Commissioner was to report to the education committees any actions taken and then to republish all regulations or rules in final form.

The magnitude of the study of all rules and regulations ordered in the Education Amendments of 1972, however, did not permit their completion in one year. OE thus began the task of studying the laws on a section-by-section basis. By early 1977, almost five years later, it had completed work on 49 sections and had published their regulations in the *Federal Register*.[1] Eight sections remained to be completed at that time but were in process and nearing completion.

In the Education Amendments of 1974, Congress took two further actions to control burdens on the public. First, it provided by law a 30-day comment period before the effective date of any standard, rule, regulation, or general requirement. Concurrent with publication in the *Federal Register* of rules or regulations, Congress required also their transmission to the two Houses to provide for disapproval by concurrent resolution within a 45-day period if Congress found them inconsistent with the laws. Thus far, the Congress has not taken such action of disapproval, but it has held occasional hearings on some subjects of immediate concern.

Second, Congress established the National Center for Education Statistics in the office of the Assistant Secretary for Education to collect and disseminate statistics and other data related to education. It also made the NCES administrator's post an appointed position in the competitive service, not subject to political influence. These actions gave NCES independence from any other HEW agency, placed it in a leadership role, gave it more responsibility, and made it subject to direct consideration by the appropriations committees. These actions later became the basis for Congress' first education paperwork legislation.

In the Education Amendments of 1976, Congress for the first time specifically addressed the burdens of paperwork in passing the Control of Paperwork Amendment, sec. 406(g). It said that "in order to eliminate excessive detail and unnecessary or redundant information requests," the Secretary and Assistant Secretary for Education shall coordinate the collection of information and data acquisition activities of the Education Division and the Office for Civil Rights. It required the Assistant Secretary for Education to provide staff to establish a procedure for the review of information collection and data acquisition under the direction of the Administrator of NCES.

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[1]Conversation with staff of the House Committee on Education and Labor, March, 1977.

Further, the Administrator was required to assist in this coordination by requiring each of the two agencies to provide a detailed justification of how information once collected will be used and an estimate of the man-hours required by each respondent to complete the requests. A public comment period prior to final OMB clearance was established also. And finally, Congress directed that the Assistant Secretary for Education make legislative recommendations necessary for meeting the objectives of the paperwork amendment.

In several other sections of the Education Amendments of 1976, such as section 432(b) (4) on cooperative education, language on information gathering was changed from what the Commissioner "may reasonably require" to such data "as are essential." This represents another congressional directive to hold reporting to minimal limits.

Despite these efforts, the net effect of enacting new education legislation every two years is an increase in the number of forms to be completed and regulations to be observed. Congressional and agency policy makers are currently discussing additional data needs to be obtained from individuals as well as from institutions. They are interested in developing information about the general population, the noncollegiate sector, and about teacher supply and demand by specific areas and subjects, for example. All these demands for information will require carefully planned annual data acquisitions and multiple uses of information if respondents and agencies are to keep current in supplying them.

Congress could assist greatly in easing paperwork burdens on respondents by observing the need for adequate lead time between an agency's announcement of its intent to collect data and the actual time of collection. This could be achieved if the Congress would allow, in mandating specific completion dates for studies and reports, sufficient time for the agency announcement in January prior to collection in September and if, in the meantime, Congress would use available data until a new collection is made. Such a course would facilitate implementation of Recommendation No. 34.

There is precedent for suggesting congressionally approved lead time for education. In the *Study of the United States Office of Education* by the House Special Subcommittee on Education in the Second Session of the 89th Congress, recommendations were made for a full year of adequate planning before newly authorized programs become fully operative and that appropriations be made no later than May 1. All education programs are now forward-funded by one year, and implementation of vocational education programs in the Education Amendments of 1976 was delayed for one year to permit agency planning.

Congress could also ease the burden of responding to certain proposed regulations, by providing timely hearings for the regulation-writers when the particular statute has little or no hearing record or other legislative history. Some recent examples would include Title IX on sex discrimination in the Education Amend-

ments of 1972, the Family Educational Rights and Privacy Act of the Education Amendments of 1974, and section 504 of the Rehabilitation Act of 1973. Such hearings could encompass either oversight or a concurrent resolution of disapproval under section 431(d) (1) of the General Education Provisions Act. However a record of congressional intent is established, agencies and respondents would benefit by the necessary clarification.

Recommendation No. 37
The education committees of Congress (i.e., the Senate Committee on Human Resources and the House Committee on Education and Labor) should review in every third Congress, beginning with the 95th Congress, the reports and studies they require of the Department of Health, Education, and Welfare in order to eliminate those no longer needed, consolidate those that can be combined, and make the remainder compatible with an overall plan for reporting.

Recommendation No. 38
The education committees of Congress should recognize January 1 as the latest date by which Federal agencies should announce the specific education data to be collected at the start of the following school year, to provide sufficient lead time for States and institutions to include such data in their annual acquisition plans.

Recommendation No. 39
The education committees of Congress should hold hearings on proposed regulations or data-gathering forms that are developed from laws whenever agencies and respondents indicate a need for guidance in preparing or responding to the ensuing regulations or forms.

Respondent Participation

The Commission has observed the role and effectiveness of respondent groups both in ensuring the collection of sufficient and reliable data and in controlling the frequent desire for excessive amounts of data. We believe the need for adequate and accurate data is best met when originators of and respondents to data requests first consult on what is to be collected, from whom, and for what purpose.

The Control of Paperwork Amendment cited earlier mandates a public comment period for all data-gathering forms of the Education Division when they are ready for final OMB clearance. Although the mandate establishes a check point near the end of the forms clearance procedures, earlier consultation with respondents in the preparation of forms would undoubtedly improve and expedite the final product. Such consultation could include field tests of forms and site visits by agency staffs, where possible, to evaluate respondent burden.

Among the better organized groups are the Council of Chief State School Officers (CCSSO), an independent organization of State superintendents and commissioners of education, and its Committee on Evaluation and Information Systems (CEIS), formed in 1972 and composed primarily of one coordinator from each State

and from six other territorial jurisdictions. Another 100 or more State and local education agency staff persons assist in monitoring and reviewing Federal data reports.

CEIS is divided into committees on data acquisition, evaluation, and information systems development. These committees are divided further into task forces which concentrate on specific areas such as compliance reporting, food and nutrition services, vocational education, education of the handicapped, common core of data, standard terminology, and technical assistance. Results from these task force efforts can be shown in the example of school lunch paperwork cited in the first section. Through consultation with the Department of Agriculture, CEIS was able to achieve consolidation of three monthly report forms in one instance and two monthly reports in another, plus the provision for adequate lead time for both reports as well as others.

Representatives of the full committee and task forces meet at least twelve times per year to consult on data collection activities with agency staffs from the Education Division, OMB, Department of Agriculture, Census Bureau, Bureau of Labor Statistics, Equal Employment Opportunity Commission, Office for Civil Rights, National Science Foundation and many others. Extensive records are maintained on each Federal form reviewed, including the names of Federal staff persons with whom CEIS meets by schedule and consults by telephone or letter between meetings. These records show actions in 1976 to provide lead time for school civil rights surveys, justification of data items in a bilingual survey of teachers' language skills, and the combining of a study of English language proficiency with a pupil survey of family income and education, among at least three dozen other forms where agreements for collection were achieved or continue under discussion until agreements can be reached.

These efforts to improve data collection and utilization at the elementary and secondary levels are in part supported financially by NCES. Late in 1976, this program of financial assistance was expanded to include a representative organization in postsecondary education when NCES contracted with the State Higher Education Executive Officers (SHEEO) to establish a similar program of cooperation and planning in data collection and use. One purpose of support for SHEEO was the creation of a communication network among all States which would become the basis for exchanging postsecondary education data between and among States and the Federal Government.

Traditional higher education has functioned very well over the decades as a respondent group under the auspices of the American Council on Education (ACE), an umbrella organization. Staffs of major college and university membership groups which comprise ACE have met regularly for almost 20 years to review pending legislation, proposed regulations, and data requests. These institutional membership groups include:

- National Association of College and University Business Officers (NACUBO),
- Association of American Universities,
- National Association of State Universities and Land-Grant Colleges,
- American Association of State Colleges and Universities,
- American Association of Community and Junior Colleges,
- National Association of Independent Colleges and Universities, and the
- Association of Jesuit Colleges and Universities..

These meetings, held at least weekly in recent years, have been expanded to include a variety of specialized associations in order to provide specific expertise on particular subjects. All these membership organizations, sometimes through a lead association, comment on most data-gathering requests and proposed regulations and provide regular consultation to appropriate Federal agencies and the Congress.

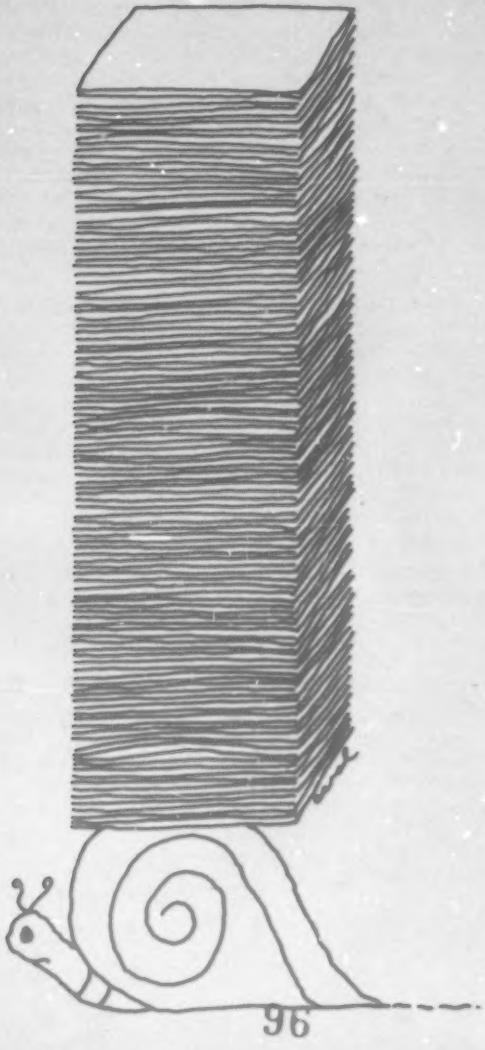
ACE provides additional overall leadership for higher education in a variety of ways. It recently arranged a series of meetings, including one with the President, to meet the new administration and to discuss general problems facing education. It also assigned responsibility to NACUBO to monitor paperwork concerns in behalf of higher education. The NACUBO paperwork committee, mentioned earlier in this report, will continue to support implementation of Commission recommendations after this report is issued.

A list of the various forms, proposed regulations, and other instances where these higher education associations have acted in cooperation with Federal agencies to reduce paperwork burdens would be lengthy. Three notable examples include regulations covering the Family Educational Rights and Privacy Act of 1974; regulations implementing Title IX of the Education Amendments of 1972; and the shaping of Form EEO-6, which is used by colleges and universities to report statistics of their employees by minority group, sex, job category, and salary range. These organizations also regularly consult with NCES on the annual Higher Education General Information Survey, with the National Science Foundation on its various surveys, and with other agencies.

Respondent groups cited in this report, and all such advisory groups, can play a unique role. Because committees of Congress, agencies of the Federal Government, and the States and their education institutions work independently of one another for the most part, these advisory groups can help improve decisions, the Commission believes, by providing the necessary communication links between and among these committees, agencies, and States.

Recommendation No. 40
Federal agencies planning to gather data from educational institutions or State or local education agencies should consult them and/or their associations before making decisions on the scope or the form of the requirement.

Recommendation No. 41
Education respondent groups should provide consultation and comment to Congress and to the agencies when consulted in advance and when notices are published in the Federal Register concerning data collection or rulemaking.



Appendix A

Highlights of the Washington, D.C. Hearing, Commission on Federal Paperwork, January 29-30, 1976

Dr. Mark Shedd, Commissioner of Education, Connecticut, testified that accurate, timely, and relevant information is needed by all levels of the education establishment in order to evaluate available options and make intelligent decisions. However, clear distinctions must be made between need-to-know and nice-to-know information requests. Priorities must be established in order to determine how much information State and local educational agencies can be reasonably expected to provide without adversely affecting ongoing programs. Uniform definitions for reporting terms must be enacted if information is to be handled and processed more efficiently. The definitions used in the Common Core of Data Project are one method of streamlining the data collection process.

Federal, State, and local officials must communicate with each other and coordinate their efforts if the paperwork burden is to be reduced. One step that can be taken to reduce paperwork is to designate HEW's National Center for Education Statistics as the national clearinghouse for all Federal data requests relating to education. In addition, consideration must be given to the potential reporting burden of new statutory requirements. Congress should consult with the relevant Federal agencies and respondents on the impact and cost of surveys required of State and local education in pending legislation before it is enacted. Furthermore, Congress should provide adequate funds to reimburse local educational units for the expense of conducting special mandated studies.

Highlights of the Des Moines, Iowa, Hearing, Commission on Federal Paperwork, June 17-18, 1976

R. Wayne Richie, Executive Secretary, Iowa Board of Regents, Des Moines, testified that because educational units rely heavily on Federal funds for their operation, the corresponding burden of paperwork they must complete is especially great. Distinctions must be developed between reasonable and excessive data requests. For example, the Veterans' Administration pays Iowa universities $3 per benefit-recipient for processing its paperwork. The cost, however, of providing this service is approximately $20 per recipient. Therefore, the actual amount of Federal paperwork required in this instance is nearly seven times greater than that established by the VA as a reasonably expected level.

James E. Mitchell, Associate Superintendent, Planning and Management Information Branch, Iowa Department of Public Instruction, Des Moines, testified that in 1973 HEW's Office of Education required respondents to report 43.4 million data items which required 2.2 million staff-hours to prepare. Funds originally intended to help educate students are being diverted to fulfill reporting requirements which often have no bearing on the pupil in the classroom. Jerry Starkweather, Associate Superintendent, Rehabilitation Education and Services, Department of Public Instruction, Des Moines, stated that HEW's Individualized Written Rehabilitation Program is an example of a worthwhile communication tool that has been sabotaged by excessive Federal reporting guidelines. This type of situation could be avoided if local administrators familiar with the problems of program beneficiaries were given the opportunity to develop and implement data needs.

Appendix B

Report of the Interagency Task Force on Higher Education Burden Reduction, December 14, 1976

Introduction

The Federal Government and colleges and universities have in recent decades entered into a remarkable partnership, building the world's greatest capability for scholarship, advanced education and the application of fundamental knowledge to the pressing problems of our society. The Government played a leading role in recognizing the unique resources represented in our higher education institutions, but has turned in the last 20 years toward offering support for those programs and incentives which further national objectives directly. This growth of categorical aid to universities and colleges has brought with it the expected controls born of the need for stewardship in the use of these Federal monies. Many institutions are critically dependent on this Federal support. As wave after wave of regulations, surveys, and compliance activities have hit, they have until recently endured with suffering and silence, while resources made scarce by shrinking dollars have been diverted to administrative and accountability functions.

In the last few years, however, there has been a rising level of consciousness, an awareness by the institutions that unless a wider perspective can replace the individualistic motivations of those in Federal agencies who, by themselves, define the need for data and detailed accountability, this special partnership between Government and the institutions will be maimed. It is even now severely strained. In his opening remarks to this Interagency Task Force on Higher Education Burden Reduction, Dr. Mathews, Secretary of Health, Education, and Welfare, said:

> *The strength behind that protest is considerable, determined and permanent. It is an idea whose time has come.*
>
> *At this point, you have control of how the needed changes will come about. They can come about with some deliberation on the part of people who are invested with the responsibility or they can come about more precipitously with less thought. I am fully convinced that it is in your interest and the interest of your agencies to make some accommodation to the petition of the institutions of higher learning and post-secondary education in this country. I think it serves your purpose and their purposes as well.*

The Interagency Task Force brought together, under White House initiative, 28 people from 15 agencies to: assess the problem; evaluate a set of recommendations[1] made by a group of college and university experts on Federal paperwork and reporting burdens; and propose specific steps which would have the greatest effect on the reporting and recordkeeping burdens of the institutions.

The charge was to have an impact, and promptly. This established the scope for the work of the Task Force. The resultant recommendations below concentrate on relatively immediate steps which would considerably lessen the tensions between academia and the Government and relieve much of the workload that falls on the institutions and Government alike.

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[1] *Report of the Secretary's Work Group for Consolidation and Simplification of Federal Reporting Requirements for Institutions of Higher Education*, HEW, October 15, 1976.

Recommendations

1. At present there is no single directory or index to Federal data gathering programs affecting higher education institutions which can be used by the agencies or the various forms clearance offices to identify sources of data, technical survey design expertise, or duplication. The Task Force recommends that the Statistical Policy Division, Office of Management and Budget, should develop such an index, with entries made at the earliest notice from the agencies of plans to collect data and updated as each form is revised or new forms added. This fully-developed capability might involve a computerized information system which could be tapped by remote terminal permitting a search by topic, by data element, and by agency. Periodically it would be possible to produce from this data base a directory of forms being used with higher education institutions, making available a data source reference for use by those seeking data about higher education institutions.

2. The Task Force believes that the data acquisition plan of the Education Division of HEW is an important tool for planning and evaluating information needs and resources. This plan identifies the data gathering activities to be undertaken in the following fiscal year. Those which are approved are the only data acquisition activities which can be mounted that year. The Task Force recommends that all Federal agencies develop data acquisition plans.

3. The Task Force does not find that control of the paperwork dilemma can be gained simply by demanding that agencies meet even more stringent and detailed documentation requirements for the approval of forms than now exist. Many forms designed to collect survey data and to satisfy administrative recordkeeping requirements are well designed, and reflect excellent conceptual, technical, and consultative efforts. Requiring in all cases that forms clearance be subject to extensive clearance documentation discourages the responsible approaches to information collection which should be encouraged. Increased internal paperwork within government can be as needlessly burdensome as it is at colleges and universities.

The Task Force therefore recommends that OMB revise its forms clearance procedures by requiring a notice to OMB of the intention to originate or review a form. OMB would then assign the form to one of two clearance tracks, using stratified random sampling method. However, controversial or particularly burdensome forms could be assigned to the second track with certainty. The smaller set of forms in the "audit" track would require the full and extensive package of documentation called for in the current OMB instructions for Form 83 and elsewhere in the Task Force report. Intensive OMB review of forms clearance packages in the second track on the described sample basis should provide sufficient basis for an assessment of the agency's capacity to produce optimal information gathering instruments and complete justifications.

In subsequent cycles, agencies with demonstrated success in previous audits should continue to have their work examined on the modified random basis described above. Failure to satisfy the justification and documentation requirements of the Federal Reports Act and related regulations and OMB circulars shall be taken as prima facie evidence of an agency or division's inability to control unnecessary, uneconomical, ineffective, or burdensome reporting requirements. OMB would then audit in succeeding years a much larger portion of clearance packages only from those offices which fail the initial audit.

4. The Task Force recommends that higher education institutions and their representative organizations should serve as experts on the design, feasibility, necessity, and appropriateness of statistical surveys of

such institutions. This consultation should be sought by survey sponsors early in the planning process, before data formats and definitions are nearly finalized. Although such consultation would be also available to the Clearance Offices of OMB and GAO, its greater value will be in the development and evaluation phases of survey planning by the agencies.

5. Although there are three basic measures used by OMB to measure Federal reporting requirements (number of reporting forms, number of respondents, and amount of time required to complete the reports), identifying the level of burden requires the accurate estimation of all three measures. The Task Force review of selected clearance packages and analysis of reporting procedures showed that amount of time required is unlikely to be known accurately by the agencies or OMB.

Most forms require for their completion the cooperation of many offices at colleges and universities, and the number of respondents is a variable multiple of the number of institutions filing the report. The understatement of number of respondents would not itself be a serious problem if the number of person-hours required to complete the forms were actually known. The usual agency practice of estimating average person-hours in almost every case ignores the range of effort across institutions and the fact that the burden is knowable and need not be guessed at by agencies in Washington.

The Task Force recommends that for all forms a sample of respondent institutions be asked to report estimates of marginal person-hours that are necessary to complete the form. This estimate should be given in two categories: (1) the time required for reporting the information after it has been assembled; and (2) the time expended in collecting and assembling the information if it is not already available.

Agencies should design the samples so that good empirical estimates of the distribution of burden can be derived for institutions of different size and type of control. These estimates should be used in weighing the need for the information against its burden to the respondents.

6. Complaints of response burden are frequently to be found at the institutional level but less recognized at the agency level. In order to better evaluate the burden of Federal forms, the Task Force recommends that agencies maintain comment and complaint files on a form-by-form basis and use them in forms redesign and in interpreting the data obtained.

7. The Task Force finds ample evidence that the current practices of planning surveys and pretests, and the current statutory requirement of formal clearance of all surveys addressed to more than nine respondents, are insufficient to minimize the reporting burdens. The Task Force recommends comprehensive pretesting by the form and survey sponsors at a representative group of institutions prior to submission to OMB or GAO for final clearance to permit sponsors to identify potentially onerous aspects of their proposed instruments and generally improve the quality of data collected.

The Task Force also recommends that pretesting should be done on site at institutions so form and survey sponsors can see firsthand any special difficulties and be more able to provide instructions and instruments which will meet the criteria of efficiency, adequacy and minimum burden on respondents.

8. The collection of highly detailed information by which Federal agencies may discover the failure of institutions to comply with regulations or statutes may be inappropriate when respondent burden and practical utility to the agency are considered. The Task Force recommends that screening surveys be utilized to detect the need for the subsequent collection of more detailed data. Although this two-stage approach

may appear to take more time, there will be far less respondent burden, the compliance agency will not have to handle such a large volume of unused data, and the staff can be made available for the analytic work which so often is pressed into the background.

9. The Task Force recommends that special attention should be paid by survey sponsors to the workload required for statistical and administrative reporting as it impacts on certain groups of institutions. For example, small institutions have less capability to take on what might be a modest request of a campus with more resources. The data which might be obtained from the smaller institutions or other categories of institutions may weigh very lightly in the corpus of data for decision-making, but nevertheless pose a workload, perhaps a clear example of unnecessary burden.

10. Sampling of the data items should also be used to reduce respondent burden. For example, certain data might be collected by a census of all institutions, while more detailed data could be obtained from just a sample of those institutions. This approach will still be considered a single survey by the Clearance Office, OMB, because its objective is to reduce reporting burden.

11. The Work Group Report[1] recommended that all Federal data activities be consolidated in a single agency in order to reduce the number of Government/institution contacts, standardize definitions, remove duplication, minimize changes in definitions and data formats, and disseminate the results in a timely fashion. Careful examination of the implications of this proposal has led the Task Force to recommend against a single data collection agency. In the view of the Task Force, these objectives would not be guaranteed by such an agency.

On the other hand, there are counterindications that a single data collection agency could add problems. What is often thought by critics of Federal reporting requirements to be duplication often turns out to be not much redundancy, but a very heavy load of reporting which does not appear necessary. In many cases data serve specific program or policy purposes, and increasing the distance between user and data collector is inadvisable. No currently established agency is staffed or otherwise prepared to handle the heavy workload of such a consolidation, and increased funding of that magnitude is unlikely. Agencies which become dependent on another agency for their data will become vulnerable when exposed to data policies or changing priorities which they cannot control. The complexity of such a new organization would not lead to simplification of the contacts between Government and the institutions. The single agency could not be expected to be able to provide the substantive expertise in the depth now available in specialized agencies.

Many of the recommendations of the Task Force, if implemented, can be expected to cut back on unnecessary or poorly designed data collection efforts. Instead of supporting the single agency concept, the Task Force recommends enhanced support for the continued improvement of statistical agencies and units, such as the survey, data library and dissemination services at the National Center for Education Statistics (NCES).

The Task Force also recommends that survey data from nonfederal organizations should be added to the EDSTAT system at NCES to broaden the base of statistical information.

12. The Task Force recommends that data elements which have multiagency uses be identified early in the planning process and that priority be given to the early editing and release of responses to these items. The Task

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[1] *Ibid.*

Force also urges agencies to utilize partially pre-filled forms, drawing from data already in Federal agency files.

13. The Federal Administrative Procedure Act establishes a process for ensuring that public reaction to Federal policies is considered during the development of regulations. The several steps in this process include publication of a Notice of Proposed Rule Making (NPRM) with a 45-day comment period prior to publication of final regulation; encouraging comments through public hearings; requiring that Federal agencies maintain a record of written comments received during the NPRM comment period for review by interested persons; and, publication of final regulations reflecting public opinions and suggestions for change.

A quick survey of thirteen of the agencies represented on the Task Force indicates that public involvement is an increasingly important factor in the regulations process, and that the agencies should reflect this in a more systematic way. The Task Force recommends that Federal agencies should, where appropriate, introduce into the current regulations development process a "notice of intent to develop regulations" to be published in the *Federal Register* with an allowed comment period of 45 days prior to the NPRM stage. The current Notice of Proposed Rule-Making process should, where appropriate, detail the type of reporting forms that will be required by the new set of regulations and estimate the burden institutions will have to assume in collecting or maintaining data. The agency should indicate its willingness to evaluate within two years the impact of the regulation in major policy areas.

14. Accountability for Federal funds is necessary; however, OMB should reduce the institutional recordkeeping requirements entailed in the Federal time and effort reporting and documentation of cost sharing by ensuring that collected information is meaningful and useful. OMB should implement the Commission on Government Procurement recommendation (B-8) which would effectively eliminate the necessity for cost sharing on R&D projects in concurrence with a similar recommendation endorsed by the Federal Paperwork Commission at its meeting on December 3, 1976. OMB should also seek omission of cost sharing requirements in the Independent Offices-HUD and HEW-Labor Appropriations Acts.

15. The Task Force recognizes the accomplishments inherent in OMB Circular A-110, which establishes uniform administrative requirements for grants and other awards received from Federal agencies. This Circular is expected to contribute appreciably to the reduction of the recordkeeping and reporting burden on colleges and universities on all grants and on those contracts, though few in number, to which it applies.

The Task Force believes that this contribution could be considerably enhanced if the standards set forth in OMB Circular A-110 could apply, in some measure at least, to the majority of contracts for research, training, demonstration, and public service that are generally performed in colleges and universities. There would undoubtedly have to be some flexibility in order to conform to the major procurement regulations, but Circular A-110 represents a significant achievement that should be extended where possible to contracts.

OMB is urged to consider such extension.

16. A single agency should be identified for managing the Federal interest in selected areas, such as human subjects protection, care and use of laboratory animals, clean air, pure water, and patents. Such an approach could be modeled after the existing cognizant audit agency concept which has reduced duplicative activities associated with financial audits of federally-sponsored programs by assigning each college and university to

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a single auditing agency, generally the agency with the greatest support to that institution.

The current mode of operation in such areas could be characterized as an informal version of lead agency responsibility, i.e., one agency having the broad legislative mandate in a given area, but other interested agencies are still able to regulate with no assurance that individual provisions are compatible to other existing agency guidelines. A case in point is the area of human subjects research. An institution of higher education may have to negotiate separate general assurance for the use of human subjects in research and related activities reflecting the different requirements of, for example, HEW, ERDA, and the Consumer Product Safety Commission. Under the cognizant agency concept, on the other hand, a single agency would assume complete responsibility for the development of all regulations in that area, reviewing existing regulations across Government and prepare a codification with recommendations for legislative changes as necessary to remove inconsistencies. It would minimize the reporting and recordkeeping burden by being the only agency having interface with higher education institutions in a given area.

In support of the cognizant agency concept, the President should direct all appropriate agencies to respond within 90 days to his request for agency positions in regard to the assumption of the cognizant role in the areas of: (1) human subjects protection, (2) care and use of laboratory animals, (3) clean air, (4) pure water, and (5) patents. After submission of agency positions, OMB should advise the President on the final selection of cognizant agency to each area.

17. The suggestion to consolidate the Federal Government's programs of enforcement of equal employment opportunity, civil rights and affirmative action is attractive although the problems which need to be addressed are too broad and complex to be included as a mission of this Task Force with the current time frame. For example, there is overlapping among various antidiscrimination legislative provisions, Executive Orders, and their implementing regulations designed to prevent discrimination by Government contractors, grantees and employers, public and private. These legislative provisions and Executive Orders are administered by several Federal agencies. This situation, in some instances, leads to undue burden in the form of duplication of enforcement activities which wastes the resources of all parties and impedes effective enforcement. Civil rights enforcement and the administration of regulations have been perceived in some instances as imposing unreasonable burdens. We have examined the various civil rights regulations and instructions and have determined that there is no significant redundancy in recordkeeping and reporting requirements.

The Task Force recommends that the President form an appropriate group of knowledgeable persons from all relevant agencies and representatives from selected universities and colleges who have expertise in these areas to be convened by February 1977 to explore this complex problem under the chairmanship of a distinguished leader from the higher education community who is knowledgeable, sensitive, and experienced in the field of case rights. Adequate staff and other support must be provided in this effort. The Presidential group should prepare within a 90-day period an action plan for this consolidation, including the legislative changes necessary to assign "cognizant agency" status (see Recommendation 16).

The Task Force also recommends that the Department of Labor, the Office for Civil Rights (HEW), the Internal Revenue Service, the U.S. Commission on Civil Rights, the Justice Department and the Equal Employment Opportunity Commission coordinate their enforcement activities through a memorandum of understanding.

18. The Federal Government permits recipients of grants and other agreements to purchase nonexpendable personal property. This property must, under OMB Circular A-110, be accounted for if the purchase price of an item is $300 or more. The property management function of the recipient institution involves considerable effort in maintenance of unit records on: the item's description; serial number; source of purchase; acquisition date; cost; location; condition; use; date this information was reported; and ultimate disposition data including sales price, method used to determine fair market value, and other characteristics. In addition to creating a record on each such item of property purchased for $300 or more, a complete physical inventory must be taken at least biennially; a control system must be established to prevent loss, damage or theft with full investigation and documentation in the event of loss, damage or theft; and adequate maintenance procedures must be established to keep the equipment in good condition. In short, higher education institutions pay a very great additional price (i.e., burden) when they agree to purchase even rather modestly priced equipment with Federal money.

These provisions of OMB Circular A-110 are, of course designed to assure proper stewardship of property acquired at Government expense. The question has been raised, however, as to why the $300 level has been set. An estimate by the National Association of College and University Business Officers indicates that if the accountability level were raised from $300 to $1,000 there would still be accountability under Circular A-110 for about 84 percent of the dollars represented by this nonexpendable equipment category, but the number of items to be handled as described above would *drop 66 percent.*

It should be noted that an item of equipment which costs less than $1,000 becomes the institution's property without reimbursement to the Government when there is no further use for it on Government projects. Circular A-110 appears to be interested in controlling the item under $1,000 by extensive recordkeeping, handling, reporting requirements only for the duration of particular projects.

The Task Force recommends that the Financial Management Branch, OMB, change its Circular A-110, Attachment N, Section 2.c. to define "nonexpendable personal property" to include that which is purchased for $1,000 or more, rather than the current $300 level. In this way, a substantial amount of property management and recordkeeping responsibility will be lifted from universities and colleges.

19. Significant amendments to the filing requirements for exempt organizations were enacted as part of the Tax Reform Act of 1969. At that time, the Internal Revenue Service agreed to accept from a variety of exempt organizations, including universities and colleges, their own substitutes for the detailed financial information required in Form 990, Part II in lieu of a completed Form 990. In 1975, IRS determined that it could no longer accept substitutes for two reasons: (1) a significant lack of uniformity in the way financial records were maintained and reported, and (2) the

development within IRS of criteria utilizing items from the Form 990 to be applied by computers in the selection of returns for audit. For the past eighteen months, the National Association of College and University Business Officers (NACUBO) and its counsel have met with the IRS in an attempt to find an acceptable compromise. The institutions believe that completion of Part II of Form 990 would require them to keep their financial records in a way that often conflicts with recognized accounting standards developed and approved for use by universities and colleges. As a direct result of these negotiations, the Internal Revenue Service has agreed to certain changes on the Form 990 for 1976 and will review instructions for completing the 1975 and 1976 forms prepared by NACUBO for dissemination to its membership.

Task Force Members
(Chairman, Robert Wright)

Agency	Name	Title
Department of Agriculture	Charles W. McDougall	Deputy Administrator, Extension Service
Commission on Federal Paperwork	Howard E. Holcomb	Director, Education Study Group
Commission on Federal Paperwork	Howard Wile	Consultant
Department of Defense	Thomas W. Carr	Director, Defense Education
Equal Employment Opportunity Commission	Melvin Humphrey	Director of Research
Equal Employment Opportunity Commission	Odessa M. Shannon	Special Assistant to the Director of Research
Energy Research and Development Administration	Sidney G. Roth	Senior Program Associate for University Programs
Environmental Protection Agency	Frederick Lilly	Director, Program Reporting Division
Department of Health, Education & Welfare	Philip Austin	Deputy Assistant Secretary for Education (Policy Development)
Department of Health, Education, & Welfare	F. William Dommel, Jr.	Program Analyst National Institutes of Health
Department of Health, Education, & Welfare	Theodore Drews	Acting Director, Division of Survey Planning & Analysis, National Center for Education Statistics
Department of Health, Education, & Welfare	John Hodgdon	Acting Deputy Assistant Director for Planning and Program Coordination, Office for Civil Rights
Department of Health, Education, & Welfare	Richard R. Sonnergren	Special Assistant to the Deputy Commissioner for Post-Secondary Education, Office of Education
Department of Health, Education, & Welfare	Burton Taylor	Acting Director, Higher Education Division, Office for Civil Rights

Agency	Name	Title
Department of Health, Education, & Welfare	Gooloo Wunderlich	Associate Director, Data Policy, Assistant Secretary/ Health
Department of Justice	Maurice Rosenberg	Special Assistant to the Attorney General
Department of Justice	Mary Wagner	Assistant to the Deputy Attorney General
Department of Labor	Anne Blackwell	Equal Employment Specialist
Department of Labor	David Ganz	Employee Benefits Specialist, Pension & Welfare Benefits Program
Department of Labor	Ronald P. Gilbert	Wage Hour Analyst
National Aeronautics & Space Administration	W. A. Greene	Chief, Policy Coordination, Office of University Affairs
National Foundation for the Arts & Humanities	David J. Wallace	Special Assistant to the Chairman, National Endowment for the Humanities
National Science Foundation	Richard M. Berry	Study Director, University & Nonprofit Institutions Studies
National Science Foundation	Robert Wright	Head, Science Indicators Unit
Office of Management & Budget	Roye Lowry	Chief, Clearance Office, Statistical Policy Division
Office of Management & Budget	Katherine Wallman	Statistical Policy Division
Department of Treasury	Charles W. Rumph	Special Assistant for Exempt Organization Matters, Internal Revenue Service
Department of Treasury	Joseph A. Tedesco	Director, Exempt Organizations Division, Internal Revenue Service
Veterans Administration	Fred Branon	Assistant Director, Research & Biometrics, Office of Comptroller
Veterans Administration	Dennis Paradowski	Educational Consultant

Staff Support

Suzanne Medgyesi-Mitschang	Department of Health, Education, & Welfare Office of Regulatory Review
Harry Travis	Department of Health, Education, & Welfare Office of Planning & Evaluation
Shirley A. James	Department of Health, Education, & Welfare Office of Regulatory Review
Sarah Thomas	Department of Health, Education, & Welfare Bureau of School Systems, Office of Education

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Commissioner Advisers

Robert D. Benton
Mark Hatfield

Education Study Staff

Peter H. Franklin — Assistant Director for Program Studies
Howard Holcomb — Director, Education Study Group
Janet Berls — Education Analyst
Betsy Cooke — Education Analyst
Charles Sisson — Education Analyst
Howard Wile — Consultant